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30 APRIL 1987

EAST EUROPE REPORT

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JANUARY ECONOMIC RESULTS SUMMARIZED

Prague HOSPODARSKE NOVINY in Czech No 9, 1987 p 2

[Article by Eng Marie Hormannova and Eng Alena Polakova, Federal Statistical Office: "Information on Plan Fulfillment--January 1987"]

[Text] As was the case in January 1985, weather conditions were reflected particularly in those areas which are directly connected with weather, that is to say, in the construction industry and in public freight transportation; however, they were even felt in industry. In January, the dynamics of the basic indicators were also influenced by the fact that available working time was shortened by 1 day compared to last year.

In industry, the economic plans for the volume of gross production were fulfilled only 94.5 percent; some 490 industrial enterprises failed to fulfill their plans, that is to say, more than 56 percent of the total number of enterprises. Not even the plan for the production of goods was fulfilled (94.4 percent); some 499 enterprises (that is to say, roughly 54 percent of the total) failed to fulfill their plan.

Economic plans were fulfilled or exceeded primarily by enterprises producing heat and electric energy and by the gas industry; the January plan for production of goods was also fulfilled by nonferrous metallurgical enterprises. On the other hand, it was primarily the enterprises of the chemical industry and petroleum processing industry and enterprises producing building materials which recorded low plan fulfillment figures.

The January plan for adjusted value added outputs was not fulfilled in industry. With total fulfillment of around 91.9 percent, some 528 enterprises, that is to say, 48.3 percent of the total, failed to meet their targets.

In comparison with last January, industrial production declined. The volume of gross production was lower by 3.8 percent and attained a value of Kcs 66.6 billion. Average daily production was lower by 0.4 percent. Also, the value of value added outputs remained below last January's level by 6 percent.

On the basis of gross production, productivity in industry declined in January in comparison with the same month of last year by 4 percent (the plan for the entire year of 1987 calls for an increase of 1.6 percent); productivity in terms of adjusted value added outputs declined by 6.1 percent.

The shortfall was also reflected in fulfillment of sales targets. With respect to the principal sales targets, only planned deliveries for investments in wholesale prices were fulfilled. The remaining directions of planned targets were not fulfilled in January 1987; low fulfillment levels were recorded primarily with respect to export deliveries. On balance, it is possible to say that roughly one-half of the enterprises handling the appropriate deliveries failed to meet their January sales plans.

In the construction industry, more than 87 percent of the construction enterprises failed to meet their production plans. While the overall plan for work performed with their own forces was fulfilled 77.8 percent, the difference between this level of accomplishment and the plan was roughly Kcs 1.3 billion.

The volume of construction work formed with construction companies' own forces amounted to Kcs 4.8 billion and, compared with the same month of last year, was 22 percent lower; average daily production declined by 18.3 percent (the annual state plan for all of 1987 is considering an increment in construction work amounting to 2.26 percent).

The economic plan for adjusted value added outputs in the construction industry was fulfilled only 74.5 percent; more than three-fourths of the construction enterprises failed to meet their planned targets.

In housing construction, some 214 apartments were handed over last month, that is to say, 60 percent fewer than during the same period of last year, but roughly in accordance with January economic plans.

On the basis of the volume of construction work, productivity in the construction industry declined in January by 23.1 percent (the annual state plan calls for an increase of 1.3 percent); productivity of labor based on adjusted value added outputs was 23.1 percent lower than was the case last January.

In public freight transportation, some 39.2 million tons of freight were transported in January, that is roughly 9 million tons less than called for by the plan. Freezing weather influenced the low fulfillment of transportation plans, particularly in river transportation, which fulfilled its January plan only about 30 percent. In railroad transportation, the transport plan was fulfilled 80.1 percent and the CSAD [Czechoslovak Automotive Transportation] Enterprise fulfilled its plan 84.4 percent.

In comparison with January 1986, the overall volume of cargo moved by public freight transportation was lower by 21 percent (in railroad transportation, by 21.3 percent; in CSAD transportation, by 18.9 percent; and in river transportation, by 72.9 percent).

In railroad transportation, average daily loadings in freight car units were also lower (by 21.1 percent) and the average turnaround time for freight cars in days increased and was higher than planned. It amounted to 5.01 days, whereas the plan called for a turnaround time of 4.01 days.

In agriculture, the time plan for bulk buying of basic livestock products was exceeded with respect to slaughter poultry (106.6 percent), eggs (100.3 percent), and milk (100.2 percent). In terms of bulk buying of slaughter animals, the overall plan for the purchase of slaughter cattle was exceeded (102.7 percent); however, the plan for the purchase of slaughter hogs was not fulfilled (94.9 percent) and that for slaughter calves was also not fulfilled (94.4 percent).

In comparison with January of last year, some 8,900 tons fewer slaughter animals were purchased this year (-7.3 percent), 2,100 tons more of slaughter poultry were purchased (+12.3 percent), less milk was purchased by 2.8 million liters (-0.6 percent), and 30.8 million fewer eggs were purchased (-11.3 percent).

In domestic trade, organizations of the principal trading systems achieved retail turnovers valued at Kcs 17.4 billion, which was 2.3 percent less than was the case in January 1986. The economic plan for retail turnover in the principal trading systems was fulfilled 97 percent; January targets were exceeded by the Cedok Travel Agency and by the Coal Warehouse Organization; the remaining organizations of the principal trading systems failed to fulfill their January targets.

In comparison with January of last year, retail turnover increased in the Cedok Organization (+8.4 percent), in the Foodstuffs Organization (+0.4 percent), and in enterprises of the Restaurant and Dining Hall Organization (+0.2 percent). In the remaining trading organizations, retail turnover remained below the level of last January--most expressly in the Furniture Sales Organization, in the Footwear Sales Organization, and in the Industrial Goods Sales Organization.

In foreign trade, overall imports and exports remained below the level of the same month last year. Of the annual state plan, a total of 3.6 percent of the targets were realized for January in exports; 4.2 percent in imports.

As of 31 January, money in circulation amounted to Kcs 58.6 billion; last year at the same time this figure was Kcs 54.4 billion.

Weather conditions in January were roughly the same as those for January 2 years ago (the number of freezing days in January 1985 in Czechoslovakia was the same as those in January 1987, that is to say, 30 days during which the average daily temperature in January 1985 was -7.8°C ; in January 1987 the average daily temperature was -7.9°C). However, the decline in production this year in January was more conspicuous than was the case the year before last.

The failure to fulfill the January plan in 1985 represented roughly one-fourth day in industry; and this year--according to preliminary calculations--it represents 1.2 days. In the construction industry, this year's shortfall was smaller than the shortfall during the year before last and amounted to 3.1 days. The overwhelming majority of industrial enterprises plans to overcome the shortfall in production in the present quarter; construction enterprises plan to do so during the 2d quarter of the year in view of the seasonal character of construction production.

Basic Indicators of National Economic Development in January 1987 (Increase Over Comparable Period During the Past Year, in Percent)

<u>Basic Indicators</u>	<u>January</u>	<u>State Plan*</u>
Deliveries of the centrally administered industries for:		
Investments at wholesale prices	- 1.3	--
Domestic trade		
At wholesale prices	- 9.4	--
At retail prices	-11.4	--
Exports to socialist countries		
At wholesale prices	-11.3	--
At FOB prices	-10.2	--
Exports to nonsocialist countries		
At wholesale prices	-17.6	--
At FOB prices	-21.0	--
Other sales for production consumption and operations at wholesale prices	- 4.1	--
Volume of gross production (prices as of 1 Jan 84)	- 3.8	2.3
Average number of employees	0.2	0.7
Productivity based on gross production	- 4.0	1.6
Construction industry:		
Construction work performed with internal labor resources	-22.0	2.6
Average number of employees	1.4	1.2
Productivity based on funds of ZSV [basic construction work]	-23.1	1.3
Housing units delivered to national committees by contracting enterprises	-60.9	7.3
Procurement:		
Slaughter animals (including poultry)	- 4.9	-0.2
Milk	- 0.6	-2.4
Eggs	-11.3	0.2
Retail turnover of the principal trading systems:	- 2.3	2.0
Foreign trade:		
Exports to socialist countries	-19.8	2.8
Exports to nonsocialist countries	-27.3	4.2
Imports from socialist countries	-22.3	2.8
Imports from nonsocialist countries	-35.9	5.8

* Data on annual planned dynamics prepared by FSU only for orientation purposes, based on state plan tasks for 1987 approved by CSSR Government Decree No 171/86 and actual results attained in 1986; foreign trade data based on CSSR Government Decree No 170/86.

CAPITAL INVESTMENT CONCEPT TO 1990 ANNOUNCED

Prague INVESTICNI VYSTABA in Czech No 11, 1986 pp 343-345

[Text] The concept of the capital investment policy was developed as an integral component of the preparations for the socio-economic development of CSSR economy in 1986-1990 and the outlook up to the year 2000. Following the 17th Congress of the Czechoslovak Communist Party, the concept was enhanced by its resolutions, the tasks of the Main Directions of the Economic and Social Development of CSSR for 1986-1990 and Outlook up to the year 2000 having been particularly worked out in greater detail.

Capital investment has a significant impact on the rate of intensification of the national economy. These problems were given considerable attention at the 17th Congress of the Czechoslovak Communist Party, in the realization that we must speedily and resolutely remove the shortcomings that have dogged out past development. Of concern are particularly the inadequate utilization of capacities, high marginal costs of investments, poor technical standards, numerous unfinished construction projects. Planned parameters of structures after they have been put into operation are not being reached, and in many instances little attention is given to promoting efficiency and economy. Numerous measures have been adopted in the past to do away with these shortcomings, and I believe that the plan for 1986-1990 will also provide an opportunity to improve the quality of the investment process.

The total volume of investments approved for 1986-1990 is 895 billion Kcs, 462 billion Kcs of that for construction work. Compared to the 7th Five-Year Plan, it represents an increase of 10.4 percent in investments and a decrease of 6.1 percent in construction projects. The basic structure of investments thus underwent substantial changes in order to strengthen the active segment of investments—machinery and equipment—which is determinant in speeding up the process of intensification of the national economy. In determining the total volume of investments the main factors considered were the creation and distribution of the national income, the chances of guaranteeing implementation of investments through construction projects and deliveries of machinery and equipment, as well as international comparisons.

Table 1 shows the extent and structure of capital investment as it was adopted, compared with developments in 1981-1985 and the preliminary blueprint of the 8th Five-Year Plan.

Table 1

Extent and structure of capital investment (in billion Kcs)	1981-1985	1986-1990 preliminary	1986-1990
		plan	
Total volume of capital construction	810.7	844.6	895.0
—construction work	491.7	459.0	461.9
—machinery and equipment	310.0	405.6	433.1
Of the total:			
volume in construction	431.9	437.0	442.3
volume in SZNR		270.0	295.0

SZNR—machinery and equipment not included in construction budgets

The proposed rapid increase in deliveries of machinery and equipment will ensure a significant improvement in the structure of capital investment and make possible greater modernization and reconstruction. We cannot ensure the dynamics of the national income by new buildings but by modern, efficient machinery placed in integrated production lines which are then put to maximum use. Thus it will be essential to strictly enforce the basic changes in the structure of investments as set forth in the plan (64 percent of machinery and equipment out of all investments in industry, agriculture and construction in the 8th Five-Year Plan as against 54.6 percent in the 7th Five-Year Plan), and reject demands to increase the share of construction projects. But that still is not enough. Increasing the share of machinery and equipment will make sense only if the equipment is of high world-class standards. In many cases, however, our producers still do not make provisions for a more radical improvement of technical standards to make them comparable to those of developed countries.

A very important factor in achieving speedier intensification is the branch structure of investments. We must give preference to those branches and sectors which contribute most to the growth of national income, especially when it concerns utilizing the latest science and research developments. The blueprint for the 8th Five-Year Plan provides for the deciding structural changes, particularly the development of electronics, small scale chemicals, selected machine tool branches, and consumer and food industry.

Nor can we do without structural changes in the fuel-energy complex. Its share of the total investments in industry is 35.6 percent, and if we add to it the costs of integrated actions for obtaining natural gas and investments for ensuring savings of fuel and energy, we have exhausted almost half of all industry investments. This considerably limits the further growth of dynamics in those sectors which provide for the growth of national income, as well as for the needs of the tertiary sphere, where we have a lower share of investments compared to developed countries.

We are thus facing a lot of problems which must be solved. Apart from the structural changes in industry, we must give priority in investments to the

needs of ecology, production infrastructure, health care and residential construction. Such a broad spectrum of needs cannot be addressed without a fundamental improvement of the investment process as formulated in the plan, which we must systematically carry out. First of all, we have to be more economical, especially by increasing the share of investments which involve reconstruction and modernization, and a more thorough application of the principles of economic efficiency. When making decisions about specific investments, it will be necessary to first consider the efficiency indicators of the project, which are based on world prices as well as on domestic price levels. As far as non-producing construction is concerned, the determining criteria will be their urgency when compared to what facilities other localities have, and the marginal cost of investment.

A long-standing problem has been an inadequate utilization of production capacities. The utilization of work places by shifts has been stagnating during the past 5 years (co-efficient 1.33). Available work slots in intermittent operations are being utilized by a bare 63 percent. In 1984, at a standard shift work rate of 1.74, there were 735,000 available work slots in industrial enterprises which went unfilled (28.3 percent of the total number). Prime machinery is utilized at about 67 percent of the useable capacity available for double shift operations. This unfavorable situation in the use of long term assets is the result of a one-sided expansion of long range productions without a corresponding cutback and liquidation of those with little future prospects, by proceeding with investments even where existing interchangeable capacities have not been fully utilized, and a too small share of investments which would contribute to absolute savings of the work force. We can no longer continue like this. The concept formulated in the 8th Five-Year Plan steers production units toward a substantial acceleration of renovations and modernizations, particularly of machinery fixed assets, mainly by a significantly higher liquidation rate of machinery fixed assets especially in the machine tool sectors. To achieve this turn-around it will also be necessary to improve, at all management levels, the expertise in judging constructions, where so far little attention has been given to the utilization of existing capacities.

The deciding factor in improving the utilization of capacities could be the fulfillment of the demanding tasks of retiring obsolete machinery fixed assets. Much more will be done in this respect in the 8th Five-Year Plan than has been the case in the past, as shown in Table 2.

A substantially greater liquidation of machinery fixed assets than occurred in the 7th Five-Year Plan will have to be carried out mainly in the machine tool sectors, as much as 2-2.3 higher, and in branches managed by the ministry of industry.

A faster liquidation of machinery and equipment will create an opportunity to recycle metals, provide secondary raw materials for the metallurgy industry, release the work force and work areas for new production lines; future development will thus become less investment intensive.

The contemplated extent and direction of capital investment and the intensification of renovation and liquidation will determine the extent, structure and dynamics of long term assets. (Table 3)

Table 2

Retirement of Obsolete Long Term Assets (in billion Kcs and percent)

a--Total long term assets		6th FYP	7th FYP	8th FYP	Indexes	
					7th FYP	8th FYP
b--Machinery long term assets					6th FYP	7th FYP
<hr/>						
All national economy	a	73.6	97.0	151.4	131.9	156.1
	b	51.3	71.4	116.4	139.2	163.8
Production spheres	a	58.5	77.0	121.5	131.6	157.8
	b	42.4	57.9	95.9	137.6	165.6
Industry	a	30.9	38.8	61.4	125.6	158.2
	b	23.2	31.3	51.4	134.9	164.2
Construction	a	3.0	5.0	7.4	160.7	148.0
	b	2.8	4.7	7.2	167.8	153.2
Agriculture	a	12.1	16.4	30.5	135.5	186.0
	b	9.3	11.9	23.0	128.0	193.3

The proposed decline of the dynamics of growth of long term assets by 6 points in the national economy and by 8 points on the average in the manufacturing branches as compared to the 7th Five-Year Plan is a positive feature of the intensification of the replacement process in the 8th Five-Year Plan.

The plan represents, even given the higher liquidation of machinery, a further improvement in the structure of long term assets in favor of the machinery and equipment share. (Table 4)

The age structure of machinery long term assets will not change in the 8th Five-Year Plan. In industry their average age will reach 11 years by 1990, in construction 6.6 years, and in agriculture 7.3 years.

The electrical engineering industry will have the lowest average age of the industrial branches, 7.8 years in 1990.

We are assuming a considerable restructuring of long term assets in the industrial sphere, particularly in the machine tool and electrical industries.

The plan for the replacement of long term assets will create conditions for improving the indicators of the replacement process effectiveness in comparison with results achieved during the past five-year plan. In the 7th Five-Year Plan the requirements for long term assets to produce the national income increased by about 21 percent in 1985 compared to 1980; in the 8th Five-Year Plan we are counting on a 7.1 percent decline in the 5-year period.

Table 3

(billions Kcs and percent)

<u>Item</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>	<u>Indexes</u>	
				<u>1985 1980</u>	<u>1990 1985</u>
All national economy	2,371.4	3,102.4	3,882.7	130.8	125.1
Manufacturing sphere	1,399.0	1,880.2	2,372.9	134.4	126.2
Industry	771.1	1,060.8	1,337.9	136.5	126.1
Construction	37.4	48.0	56.0	128.3	114.6
Agriculture	211.4	305.1	369.2	144.3	121.0
Non-producing sphere	972.4	1,222.2	1,509.7	125.7	123.5

Table 4

(Percent of all long term assets)

<u>Item</u>	<u>1980</u>	<u>1985</u>	<u>1990</u>
All national economy	27.6	29.5	31.8
Manufacturing sphere	40.2	42.2	45.1
Industry	48.2	49.9	52.2
Construction	55.4	56.1	56.3
Agriculture	27.3	29.8	31.6
Non-producing sphere	9.4	10.0	10.9

In case there is capital efficiency in gross production, we shall assume the developments shows in Table 5.

Capital efficiency is greatly influenced by the fuel-energy complex and the metallurgy industry.

A serious and long-standing problem in capital investment is the considerable amount of unfinished construction and the long terms in construction. The planned future course is shown in Table 6.

The problems of unfinished construction are exacerbated by the impact of the nuclear power industry and the whole fuel-energy complex, where the balance of budgeted expenses will rise from 40.8 billion Kcs in 1985 to 48.2 billion Kcs at the end of the five-year plan.

Table 5

<u>Branch of National Economy</u>	<u>Changes in the 5-year period (percent)</u>	
	<u>7th FYP</u>	<u>8th FYP</u>
All industry	+21.6	+10.1
Industry excl. fuel and energy	+17.5	+ 7.2
Agriculture (HZIP)	+32.3	+17.4
Construction (ZSV)	+32.6	+ 6.0

HZIP—gross agricultural production

ZSV—construction production base

The proposed number of newly initiated construction of nuclear plants will be determined by what course of construction will be needed to adhere to the planned time terms of putting individual units on line for trial operations.

Even though the plan assumes a certain improvement in the final year of the five-year plan, we cannot be satisfied with the situation that exists in the unfinished construction area. This is not only our problem; a similar, perhaps even a greater one, exists in other socialist countries. That is why we must not only resist pressure for more new construction than is included in the blueprint for the 8th Five-Year Plan, but also in the yearly plans be very exacting in judging the effectiveness and necessity of construction, the amount of budgeted expenses and the preparedness and provisions for deliveries. We must promote highly demanding attitudes at all levels of management, insist on the greatest economies, which should include attendant services and site preparation. Little use is made of standardization and the possibility to reproduce project designs. All who participate in the capital investment process will have to perfect the principles of scientific management, search for more effective methods of evaluating construction and planning which will foster savings, and give priority to the non-investment factors of production growth.

A substantial part of investments consists of machinery and equipment not included in construction budgets (SZNR) and smaller construction projects which are not specified in the state plan. That is why the central agencies and the agencies of mid-level management of investors can greatly influence the quality of the investment process when working out the five-year plan and the operational plans for the lower management levels. The first priority must be given to putting capacities into trial operations and finishing constructions in progress within the stated time limits and terms, effective application of technological developments, state goal-oriented plans, effective comprehensive modernization, integrating and export actions, actions for protection of the environment, and comprehensive housing construction. We must not fail to make certain, that as a matter of principle new production capacities are put to use in double shift operations, particularly efficient and expensive machinery and equipment in triple or even continuous operations. More than ever, we must use calculations and criteria of efficiency and techno-economic indicators, make decisions based on an analysis of the utilization of capacities and on planned

Table 6

<u>Item</u>	1985	1986	1987	1988	1989	1990	1986 to 1990
ZRN as of 1/1	164.1	169.6	170.8	195.5	194.2	171.4	
Volume in construction RN of started construction	84.5	83.4	87.5	87.4	91.3	92.7	442.3
Balance of RN changes	89.2	75.7	108.8	81.8	63.8	49.1	359.2
ZRN as of 12/31	0.9	8.9	3.5	4.2	4.8	4.4	25.8
Co-efficient of con- struction in progress	169.6	170.8	195.5	194.2	171.4	132.3	
Average time-limit of construction in years	1.942	2.034	1.952	2.237	2.127	1.849	
	5	5	5	5.5	5	4.5	

ZRN—balance of budgeted costs

RN—budgeted costs

restructuring of production, on assumed savings of fuel, energy, metals, raw materials and work force. The construction of new industrial plants, apart from extraction and processing of fuel and raw materials, can be permitted only in very exceptional cases. When judging project plans, we need to keep in mind the principle that we cannot add extensively to capacities if the planned production can be accomplished by a better utilization of existing ones or by their modernization or renovation.

The main goal of the plan for the replacement process of long term assets is to accelerate the modernization process, particularly by applying the latest results of research and development. To this end we must make changes in the system of planning and managing capital investment. At the present time, we are working on measures which will enable organizations to be more flexible in switching material and financial assets to technological development and investment; the aim is to introduce the results of technological development on a comprehensive basis more quickly into practice. We are looking also at other suggestions and measures to improve the planning and management of the replacement process of long term assets. With the aim of assuring final assembly and coordination of deliveries of equipment for more complicated constructions, we are looking into the possibility of a broader involvement of engineering organizations, particularly in the ministries of the machine tool industry, but also in the central agencies of investors. To make construction more economical, particularly in the non-producing sphere, we need to make more use of duplicate projects, prototypes, and advanced techno-economic indicators according to specific conditions existing in given branches and the type of capital investment concerned. Further, we are endeavoring to broaden the use of inclusive costs of construction and assembly work and give priority to over-all modernization over new construction, and to the final phase of construction over initiating new ones. We need to be more consistent in applying the new billing system in capital construction in order to strengthen the position of consumers (investors), as well as the long-term status and stability of economic

agreements in capital construction. In order to increase the utilization of existing capacities, we are discussing the possibility of introducing a system of payments to the state budget from the investment capital funds according to the degree to which they have not been used.

The tasks for the capital investment area, which are rooted in the 8th Five-Year Plan, are demanding, but failure to accomplish them, especially concerning quality indicators, would make it impossible to ensure the acceleration of the process of intensification of the national economy. Not all the requests for capital investments, even needed ones, could be included in the 8th Five-Year Plan, which led to some conflicts in the discussions of the proposed plan with the departments. Now, following the approval of the 8th Five-Year Plan, it cannot be assumed that any more room will open up for more capital investments. An exception can be made only in those cases which hold promise of above average effectiveness, particularly in the SZNR category; this can be accomplished by substituting them for less effective projects. The number of start-ups of new construction projects should be considered to be the maximum and subject to maintaining or improving the efficiency indicators of production construction, or by the relative investment costs of non-production construction, and an overall adherence to indicators of the balance of budgeted costs and investment work and deliveries not converted into long term assets. Therefore, before including any constructions in operation plans, it will be essential to evaluate them thoroughly and link their start-up to timely preparation and adherence to time-limits of construction so as to reduce the amount of unfinished construction in the 8th Five-Year Plan.

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INDUSTRY DIRECTORS VIEW IMPLEMENTATION OF 4TH CPCZ CC RESOLUTIONS

Prague RUDE PRAVO in Czech 2 Feb 87 p 3

[Unattributed article summarizing industry director comments on implementing resolutions of the 4th CPCZ Central Committee Plenum]

[Text] A national working group appointed by the CPCZ Central Committee, the CSSR Government, and the Central Trade Union Council to implement the resolutions of the Fourth CPCZ Central Committee Plenum met on Tuesday, 27 January, in Prague. This article summarizes some of the comments made at this meeting.

Time is Critical in Comprehensive Experiment

Frantisek Arnost, general director, Crystalex, Novy Bor

Why have only two economic production units [VHJ], Jablonec Costume Jewelry and Novy Bor Crystalex, been participating in the comprehensive experiment? And why these two particular VHJ? Who directed, ordered them to do so? The reason that these two VHJ agreed to participate in the experiment was because they were prepared to do so. This in turn was because they account for the largest percentage of the exports to nonsocialist countries by the entire Czechoslovak economy. Here at home, our objective is to fulfill our plan targets as smoothly as possible. Our foreign customers don't care, however, how we are doing in fulfilling the plan. They are interested in other things: quality; innovation, product mix, packaging, etc.

The experiment has a long, but descriptive, name: the comprehensive experiment in increased autonomy and accountability of economic entities for achieving effective growth. The goal of the experiment is to increase effectiveness through means which involve increased authority, but increased accountability as well.

There are five areas in which VHJ authority has been increased under the experiment. There has been a significant reduction, first of all, in the number of binding plan indicators that must be met. In our case, the sole remaining principal indicator is meeting export targets to nonsocialist countries. But performance is no longer measured by the traditional means of exports in all charges paid prices, but by means of standards for revenues. All the other traditional indicators such as consumer goods inventories in retail prices, inventory turnover period, and profits, have become merely reference indicators.

The second area of increased authority involves a transition to koruna khozraschot. I emphasize that it is in korunas, because later we will operate under foreign currency khozrashot as well, as part of the transition to internal financing. On the one hand these transitions leave all depreciation charges with the firm and reduce transfers from profits from the current 75 percent to 60 percent. On the other hand, enterprise contributions to social security have been increased from 20 percent to 40 percent. In effect, labor has become much more expensive, thus forcing us to manage our labor forces much more tightly than to date.

The third area of increased authority and accountability concerns investment policy. Enterprises will now have complete control of their investments, meaning both that all existing constraints will be removed, but also that any facilities or equipment that we require or decide to build will have to be financed by internal resources. Enterprises will now also have to decide whether or not they possess the capability to implement investments for which they have the financial resources.

The fourth area is foreign currency khozraschot. This means using binding indicators and standards for revenue generation to develop a solid hard currency invoicing system and hard currency accounts at the enterprise level. These accounts will then be used to cover all of our requirements from foreign, nonsocialist countries. Our success in meeting export targets, in other words, will open opportunities to import state of the art equipment, which in turn will help us meet a fundamental goal; increasing the efficiency of our entire sector.

The final area of increased responsibility is in wages. All wage incentives will be derived from profits. This means, in part, that all current barriers to increases in average earnings will be removed. The number of people that an organization can pay and the average wage it can afford to pay them will depend in the future on the successful performance of its managers.

Currently the basic principles of the experiment have been approved. This week approval is expected of the regulations, i.e. the implementational regulations. We have requested that two binding standards be established as soon as possible. Once these standards are set the role of the center ceases and we become 100 percent responsible for operating according to the guidelines of the experiment and implementing the principles of the experiment in our own firms and factories.

For the experiment to function it must be explained to work collectives. This must be done as soon as possible. But so far I have no numbers to present on the plant floor, so I am asking that they be produced as soon as possible. The sole danger threatening the experiment is that a number of offices one level below the center will not want to get involved in it, and will have a tendency to work according to old methods. The chief offender, and I know I am making enemies here, is the price office. What we rather need is a sense of urgency regarding time and implementation.

We are pushing the principle that everything our plants produce (not just the firms, but the factories as well) will be taken into account at evaluation time.

Clearly, then, this will include those things that we ruin as well. This means that we will be considering performance on the factory floor in calculations not only of the traditional domestic profits, but also in our case in calculating profits from foreign trade operations. To date these calculations considered performance only down as far as the enterprise level. Factories will be eligible for incentive payments for exports, increases in wholesale prices for deliveries accepted by luxury retail outlets, etc.

A plant will in this way be accountable for what it produces, and wage policy can be derived from total profits through appropriately formulated standards. We are assuming that there will be significant wage differentiation within our VHJ. I must confess that for years we have done everything possible to assure that shares were roughly equal for all the enterprises in our VHJ, so that no one firm would stand out from any other. Now it really is inevitable that differences will surface between well managed and poorly managed plants. This automatically means that one final outcome of the experiment will be a personnel shakeout, because those managers who do not measure up to the demands of the new environment will have to leave.

We are aware of the political impact of a differentiated wages policy. Forgive me the awkward comment, but Czechoslovakia has one of the most complicated wage regulations and we are going to request, to the extent we are able, that the wage regulations pertaining to our operations undergo as much simplification as possible.

In no sense do we understand the experiment as a revolution that takes effect from one day to the next. Rather it will be a political process in the literal sense of that term. Nor do we view the experiment as a self correcting mechanism that will function mechanically while we stand idly by. We are assuming that we will have the strength to make the experiment a success. We understand it as an important part of the complete restructuring of the economic system. I would also like to express the conviction that our VHJ, as one of the first two in the experiment, will not bring dishonor on the effort, but rather will make whatever modest contribution it can to helping the experiment get other forces in motion to improve the overall efficiency of our economy.

Preparing People for Change

Pavel Belohlavek, general director, Brno Surface Construction

Since 1 January 1986 I have been managing a new VHJ, the Brno Surface Construction sectoral enterprise. We are principally engaged in surface construction projects, with comprehensive housing construction accounting for almost half of our work. Most of our facilities are concentrated in the South Moravian kraj. During the Eighth 5-Year Plan we will be exporting some Kcs 500 million worth of work on integrational projects, some Kcs 200 million on agricultural programs in the USSR and other projects, mainly in Moscow. We will also try to export some of our services to nonsocialist countries.

We fulfilled the 1986 plan in terms of both its evaluational and binding indicators. We have adopted measures to meet the plan for this year, and it

cannot be said that we have no problems, shortcomings, or areas where we can improve. We deal with materials problems on a daily basis, with the transfer of almost one-third of our work force away from the kraj and the resultant upward pressure on wages, with issues of housing, food, and increased costs. The problems often exceed the capabilities of the VNJ to deal with them.

The set of implementational measures for the construction industry that were approved by the CPCZ Central Committee in November 1984 improved significantly the conditions of work in the construction industry and thus resolved a number of serious problems that we had been facing and continue to face in this industry. The principles upon which we are restructuring the economic system require that all employees change their ways of thinking. This is especially true of managers throughout the chain of command. The need is the more pressing because we have been proposed as participants in the program for testing the results of the experiment in 1988.

The objective of economic reform and of the experiment have been announced. We now need to implement them. In thinking through the particulars of implementation I cannot help but think of a few questions.

How are we really to improve output and management efficiency? How can we change the way people, and managers especially, think? How can we implement real, fair differentiation in compensation, and evaluations based on merit? How can we improve quality and procedures, and what should have priority and what can wait until later?

One can pose a number of these fundamental questions. They are important because they cannot be resolved through orders and guidelines. One priority task is to acquaint all workers with the goals and objectives of the new procedures, to convince a majority of employees, and I emphasize a majority, that the new policies are correct, using acceptable, nonassertive forms of lobbying, and pointing out the necessity for restructuring the national economy. We must overcome quickly attitudes that this has already been done, that there is nothing in it for me. Then there must be energetic and diligent follow through on the implementation of the goals set for us by our society and the party.

Beginning on 1 January 1987 we introduced a program throughout our VNJ for increased efficiency. I must note that this was done under very tough conditions. The program focuses on work discipline, making better use of the work day, reducing costs, the better use of machinery and the like, constraints and overhead. Nothing extraordinary, in short. It is my opinion, however, that we can achieve positive results through constant followup, evaluation, and control.

In the management area we intend to try out several improvements within our sector during the experiment, which will assist in improving managerial efficiency. We expect that the experiment will make it possible for us to reduce the number of noncompleted projects, thus allowing us better to focus our resources, speed up construction and therefore improve our economic performance.

Regulation on Top of Regulation

Bohumil Brichta, general director, Linen Industry, Trutnov

Our VHI is among those that did not meet its 1986 plan targets. This was the first time this had happened in our history. We failed to meet these targets for a number of internal reasons, primarily our slowness in adapting to the new, more rigorous business environment. We did anticipate, however, that the high growth targets for 1986 would be accompanied by a greatly improved external environment for fulfilling them.

What is the actual status, however? Conflicts related to obtaining needed materials are increasing. We can not meet plan projections for employee qualifications or number of persons hired, so the structure of our work force continues to deteriorate. Hard currency resources are released only after considerable delays. Needed modernization within our VHI has barely gotten off the ground. The net result was that the necessary preconditions for attaining the growth targets of last year never existed.

The first thing that needs to be done is to eliminate a bureaucratic approach to management. Currently decree is piled upon decree, the quality of guidelines is very low and there are more and more of them. The current effort is to separate authority from accountability. What in fact is happening is just the opposite of what the regulations and decrees have in mind.

We desperately need to improve the use parameters of our products. Our innovative activities are undertaken with this objective, but given our existing capital equipment and available materials we will never meet these objectives. We have adopted measures jointly with farmers to improve the quality of the raw materials available to the linen industry. We are confident that this situation will improve. We feel differently, however, about the situation in domestic artificial fibers and plastics. The available product line is too limited, no innovations are planned, and the quality of the artificial fibers is not up to world standards.

The above reality means that the conditions do not exist for increasing our production of technical textiles, an area where we could indeed contribute significant innovations, improve labor productivity, and conserve materials in other, related sectors.

I would like to just mention in passing a few things concerning the chief valuational criteria, namely prices and price formation, that are used to affect the management of economic entities. For firms to meet established quality targets price formation must be more flexible, and must take account of the realities of textile production. Reducing the materials intensiveness of production has certain, definite, consequences for the use values of our products. This must be acknowledged. It is my opinion that the current complexity of price formation does not provide incentives for assertive entrepreneurship.

The environment under which we operated in 1986 and under which we have begun to meet our targets for the Eighth 5-year Plan simply emphasizes the need to make fundamental changes in the management system of our economy. My view is that the principles for the restructuring of the economic system are correct. They just need to be thoroughly and immediately specified for the economy as a whole. I am also convinced that the resolutions of the 17th CPCZ Congress are correct and feasible. The day to day task of plan fulfillment, however, indicates that the feasibility of the tasks for the Eighth 5-Year Plan will depend on improvements in performance by our senior managers, and on making certain changes in the management system. The accelerated implementation of the principles of economic restructuring and a more assertive management style will create the kind of overall environment that will make it possible to fulfill the resolutions of the Congress.

Production and Commerce Together

Frantisek Kara, general director, Consumer Goods Stores

The supply situation indicates that the plan for retail trade turnover will not fulfill its role either as an objective indicator of consumer goods availability, or as a guide to any other volume indicators in the plan. There has been no change in supplying the market with consumer goods. Not even agreements made this year to assure deliveries have made any difference. I am aware that we can not solve all problems ourselves. But what is to stop us from making agreements of specialization and cooperation within the context of the CEMA regarding who will produce what and in what quantities so that we can improve the supply of consumer goods in stores?

I do not recall any sessions of party or state officials related to economic issues that set any tasks related to quality or innovational improvements. Currently, however, changes in shape, colors, or other details are often considered a consumer goods innovation. Of the 337 items in the innovation contracts signed by our VHI, only 48 concern new use values or improved parameters that will better meet consumer demand. The best indicator of quality is the level of consumer returns, which grows every year.

From the foregoing it is obvious that the current management system does not meet the needs of the market.

I would like to call attention to one of the problems related to the requisite improvement in product availability which concerns not only us, the traders, but also the producers and sectoral agencies.

My comments are based on the fact that the fundamental criterion for evaluation of performance will be net profit formation, not retail trade turnover. This will require changes in current planning regulations, a reevaluation of numerous financial relationships, especially in the tax area, paying for planned tasks in retail trade with internal working capital, the establishment of new regulations for the issuing of loans, etc.

We want to form the trade-loss compensation fund from resources other than the retail margin, namely from positive differentials in pricing calculations, with the management of this fund left fully to the discretion of trade organizations. We are assuming that it will be easier in the future to be flexible in pricing. We want to introduce seasonal and occasional price alterations, and to accelerate inventory reductions with more late-season and other sales at reduced prices.

We will work on plans for developing the product mix jointly with producers and implement these plans as binding projects within supplier-consumer relations and the planning process. We want to expand direct and routed deliveries mainly to affiliated and research units, large sales outlets and department stores.

By increasing goods exchanges among the CEMA countries we want to increase somewhat the percentage of total sales accounted for by imported goods. All of this either is or will be within the authority of trade organizations. There must also, however, be changes in certain material and economic conditions. Investments in trade, and particularly in its warehouse management aspects, has been neglected.

There is almost no R&D related to consumer goods. The capital stock available to the wholesale trade sector, and to other sectors as well including public eating establishments is such as to make impossible the introduction of more modern work techniques, or to reduce hard physical work by individuals.

We also need to improve the professionalism of retail trade employees and operations. We need a comprehensive system of training and instruction to improve all aspects of work from the selling floor to the managerial offices. Because of the large number of female employees and the unfavorable work schedule we consider it essential to bring the average wages paid to retail trade sector employees into line with those of comparable occupations in the production sphere.

Flexible but clearly specified supplier-consumer relations must form the basis for meeting market requirements related to product mix. Meeting contractual commitments for deliveries at retail prices must be just as important an indicator for a producer in determining economic incentives as is meeting export delivery targets.

We think it is desirable to eliminate the current criteria for preferential pricing, e.g. the classification of first degree quality, fashion innovation, technically advanced product, etc. Rather, price preferences should be given to fashionable or technically advanced products with regard to their market potential. Decisions regarding preferential pricing in wholesale and retail trade should be left to the shops in question for a period of time corresponding to the level of demand.

During yearly reviews we will also identify products that are no longer marketable for fashion or technological reasons. We consider it essential that plans for innovation be strictly enforced. When a producer does not meet his

innovation commitments he should be required to make available to his customer the resources to import equivalent products or to compensate that customer for lost profits.

Export Incentive Programs Proving Themselves

Vit Rysanek, general director, Jablonex Foreign Trade Enterprise [PZO], Jablonec nad Nisou.

From the beginning of this year the Jablonex PZO, in close cooperation with the Jablonec Costume Jewelry Concern, embarked on the gradual implementation of the comprehensive experiment in increasing autonomy and accountability for effective growth. The commitment of both of these firms to implementing factors of intensive growth is well known, and is not accidental. Since the early 1970s the Jablonec PZO has administered an internal system of economic incentives for increasing the efficiency of export operations. The uninterrupted increase in the export efficiency of goods from the Jablonex PZO to nonsocialist countries over the past 20 years is evidence that this system has had a positive impact. But despite its positive aspects this system of economic incentives was somewhat one-sided, in that by emphasizing the conservative valuation of costume jewelry sold abroad it paid less attention to timely and effective innovations in these products to keep them in line with new fashions on these foreign markets.

This was the genesis of the conceptual experiment in improving the efficiency of foreign economic relations, which I directed from 1982-1985. The major element of this experiment was a necessary adjustment in the indicators used to evaluate plan fulfillment and economic incentives. The adjustment factor was the so-called export impact which measured the role of the organization in achieving a given increase in export efficiency. The objective of this exercise was to seek opportunities not only to conceptualize but also to add a line of costume jewelry for which there would be a market abroad.

During the experiment there was no excessive increase in wholesale prices because great effort was expended to maintain as good a ratio as possible between the all charges paid export price and the wholesale price. We attribute the positive results achieved by this conceptual experiment to the close cooperation and integration of the economic systems of the Jablonex PZO and the Jablonec Costume Jewelry Concern and other concern enterprises. These firms conducted monthly discussions of their export orders and deliveries of goods. They coordinated quarterly and annual export plans, exchanged information concerning innovation objectives and needs, planned investment projects, and range plans.

We applied the positive experiences from this experiment during the first year of the Eighth 5-Year Plan. As a result we improved on the 1985 guideline for exports to nonsocialist countries by 24 percent.

I am mentioning these results, percentages and shares mainly because they constitute the constraints under which we were operating at the start of the comprehensive experiment in increasing autonomy and accountability for

effective growth. The principles and general regulations of the comprehensive experiment represent a new opportunity for the Jablonec costume jewelry industry to become independent in the obtaining of the needed koruna and hard currency resources for the modernization and development of its production base, which is dependent on export markets for the sale of more than 80 percent of its output.

We expect from the Jablonec costume jewelry plant greater attention to the physical volume of production and to its production assets dedicated to export production. During 1985 we implemented three programs to increase the production of and export of machine cut stones, beads, and metal costume jewelry manufactured with improved surface treatment techniques. In November of last year we sought to expand our export incentive programs to include other items in demand with the objective of supporting the material base of our future exports, thereby exploiting one of the areas of underutilized capacity identified in the Eighth 5-Year Plan. We expect producers to continue their intensive work on innovative processes. Such innovations, along with greater concern for quality in our exported goods and the gradual improvement of the technical and economic specifications of our costume jewelry products, will help us keep pace with the competition.

Working within the context of the experiment to find promising outlets for our products and to act as an example in implementing the comprehensive experiment is not only in the interest of the future development of the industry and continuing the tradition of exported costume jewelry from Jablonec to the demanding markets of both socialist and nonsocialist countries. It is also our intention to meet and to exceed the targets for the Eighth 5-Year Plan and to implement successfully the resolutions of the Fourth CPCZ Central Committee Plenum. This is a feasible variant of effective growth that we have chosen and which we will implement.

The world Has Its Own Standards

Jan Sterba, general director, Strojimport

Worldwide developments are forcing us to turn more and more of our efforts to establishing promising long term relationships. And because we are considering future issues we must also consider questions of the integration of Czechoslovak foreign trade into international trading operations. The world is dealing with this problem by developing flexible export companies dealing with all types of commodities. These also perform the functions of trading companies in that their export operations include the unlimited buying and selling of various types of goods. We welcomed this concept because at the time our own principles for improving foreign trade activities included the establishment of trading companies that would handle the importing of foods and raw materials. It has now become clear that we will have to expand this system to include companies that handle the export of machinery and engineering products.

Our objective must be that a given producer be able in most instances to choose a foreign trade enterprise that he has confidence in and that can meet his

requirements for sales revenues. This will produce a certain amount of competition between foreign trade enterprises, which will in turn gradually improve trading work and reduce costs, both at home and abroad.

Incorporating Czechoslovakia into socialist economic integration is of vital importance to us, especially in the area of engineering products. After all, more than three quarters of our engineering exports go to the CEMA, making coordination of development, production and distribution with our partners essential. This is also why these partners are pressing us on export prices, on improving our packaging. This is also the reason for the emphasis on improving the use values of products, their length of operation, their competitiveness, and delivery times, including the promptness of delivery of spare parts and service.

We must work together to assure that people elsewhere in the world are interested in our products, and that they become indispensable. This puts us in another position entirely related to efficiency. For example, when we exported the BD 200 spinning machine we were at one point in a position to dictate prices, payment conditions, and even markets until the time when the competition caught up. Rather than closing our eyes to these realities, however, we should work with the Elitex VHJ to make the innovations needed to regain our proper position among the very best producers of this type of machinery.

We are often criticized for poor marketing work. Whether our sales work is excellent or poor, it cannot make up for the technical properties of our products as they are currently leaving our factories. All products have shortcomings, even though everyone would rather they didn't. A preferable solution would be to find some way to move forward on this issue.

We fully support the increasing number of detached worksites affiliated with production firms. We have decided that we will be setting up additional detached worksites for imported subassemblies. Why are we doing this?

In the first place to attract highly qualified employees from the affiliated VHJ or enterprise. Secondly, to reduce and simplify paperwork, including the decision-making process, and to make it possible for enterprises to get involved directly with the CEMA. Thirdly, to improve prospects for meeting production targets while at the same time increasing control over export deliveries of machinery and spare parts. Fourthly, to facilitate the direct utilization in production of foreign technical and economic information. Finally, our intention is to increase mutual trust and respect for these skilled activities.

We support a reduction in the number of indicators. We feel that foreign trade enterprises should have two indicators, profits and foreign currency revenues.

Redistribution Still Does Not Mean Control

Jozef Uhrík, general director, Martin Heavy Engineering Plants.

Economic incentives should be tied mainly to increases in economic performance. Uneven current growth caused by pressure to fulfill tasks specified in the plan has convinced us that a comprehensive evaluation of performance should combine an evaluation of plan fulfillment with an evaluation of general enterprise performance.

Current regulations do not allow sufficient room for economic incentives that will focus the activities of work collectives on the bottom line. For instance, in 1985 22 percent of enterprise profits were left for internal use. The guidelines for the Eighth 5-Year Plan suggest that by 1990 that figure will decline to 14 percent. The situation is similar for depreciation writeoffs.

These proportions indicate the presence of extensive redistribution processes. There is no need to call attention to our difficulties in increasing emphasis on entrepreneurship and searching for new, more efficient techniques at the enterprise level, given the above environment. The current system of planning leads to the paradoxical situation that when performance is excellent e.g. last year we had excess profits from foreign trade activities alone of Kcs 1.9 billion, the existing index method for breaking down the plan for certain indicators results in an inability to pay that in the above case reached Kcs 1 billion. The reader can imagine the pressure and tension that this creates within an organization at this critical time.

To improve the interaction of individual economic mechanism we must link the principles of price formation to the new economic regulations and the general evolution of the cost structure. It is our opinion that current pricing regulations work against product innovations, that they inhibit the replacement of labor with new machinery and technologies, and that they exert pressure towards levelling in price modifications. For example, our VHS worked very hard to improve the production efficiency of certain hydraulic components. We eventually achieved positive results, but saw ourselves deprived of some Kcs 600 million in profits over the next two or three years because of the administrative handling of our efficiency enhancement efforts.

This meant that nothing of the savings that we had achieved remained to be used for other efficiency enhancement projects. If in the future we want to meet world standards for production processes and therefore labor productivity, we will have to spend increasing sums on replacing labor with capital equipment. This will change our cost structures, and price formation must take this into account.

Supplier-consumer relationships are fundamental to the success of the economic system. Measures in this area must increase the efficiency of the entire system and define responsibilities. These are organizational questions that must resolve the problem of who is responsible for what both vertically and horizontally. At the factory level the plant manager must bear final responsibility for developing cooperative relationships. At the enterprise level the general director is responsible, and at the VHS level the sectoral minister is the responsible person. Unfortunately, farther up the ladder no one is accountable. Problems that the center has not yet

resolved should not have to be dealt with, in the final analysis, at the VHJ or enterprise level. Measures should be adopted that will stop offsetting exports and imports of materials that are in short supply. For instance, we have been exporting tractor tires for the past two years, but we have to import the same product mix during the same period on much less advantageous terms.

For the preproduction operations of the engineering sector to be effective the sector as a whole must have an optimal product mix and sophisticated production operations. For the most part our products compare well from a design viewpoint with comparable products of producers elsewhere in the world. Our production operations, however, lag in their sophistication behind those of other industrially advanced countries. Dealing with this problem as soon as possible is of strategic importance.

More Planning for Investment

Milan VicAR, GENERAL DIRECTOR, Roznov Tesla

We should be happy that at the present time there is great interest in our products, and that our sector is experiencing a period of very favorable business conditions. We are not always able, however, to take advantage of opportunities because we are constrained by numbers of regulations and measures that force us at times to operate with neither opportunities nor options. There are a number of specific examples of this situation.

One of these is the area of investment. During the normal implementation phase for a medium sized investment project, which for our enterprise is 6 to 7 years, our firm goes through almost two full innovation cycles. In this environment there is no way we can keep pace with state of the art producers elsewhere in the world.

At the end of last year our VHJ issued new regulations for internal management for the Eighth 5-Year Plan. In part, these regulations represented an improvement over preceding ones. This is especially true regarding the management of market relations and material flows, standard setting and calculation activities, evaluating the efficiency of technical and investment projects and the like. But we still have made little progress in implementing principles of socialist entrepreneurship or in the general implementation of differentiation. We are therefore in favor of an assertive posture and of cooperation in the thorough restructuring of the economic system, formulation of its basic principles and, mainly, its prompt practical implementation. We are aware that it would not be proper to wait for the publication of a comprehensive document before modifying our approaches. In our internal management we will therefore be testing in some divisions full khozraschot, defined as full economic independence without subsidies and undesirable redistribution.

We are fully behind the principle of meeting the product mix requirements of our customers, and we will not produce products that no one has requested from us, even if they are the byproduct of a state technical development plan.

We would like it very much if our suppliers began to operate along the same lines. After all, the favorable business conditions for electronics components and electronics generally is also an opportunity for both the chemical and metallurgical industries. This is true despite the fact, or maybe because of the fact that we are dealing not with tonnage, but with quality.

During the Eighth 5-Year Plan we will carry out the first refitting of our production base with some Kcs 10 billion of new equipment and facilities. This is obviously not enough to overtake leading world producers but for us it will be, as they say, a big chunk. We are at the start of the 5-Year Plan now, and are already running up against shortages and obstacles. There are no prescribed limits for projects started this year. This delays prospects for implementation because construction enterprises will not sign the necessary contracts with us, since the project has not been specifically broken down by central offices in the plan, etc.

We need the cooperation of everyone to assure that capital investments in both equipment and facilities are made at the same pace, and most desirably ahead of schedule. The reality is just the opposite however, the numbers are put off until the end of the 5-Year period, and those tasks that do make it into the annual plan are pushed back to the third and fourth quarters. In the meantime equipment prices increase substantially, especially that purchased from nonsocialist countries. As a result we do not get the production capability we need, and the only ones who are satisfied are foreign suppliers.

I am convinced that the plan must continue to be the main management mechanism of our socialist state. What we need to upgrade, however, is the quality of planning. Intentions to make the plan internally consistent and to break down specific targets have gradually been replaced by a dogmatic obligation to incorporate everything into the economic plan of organizations. In addition to the harmful and totally unscientific technique of the index method of plan formulation, plans have on the whole become lower and lower in quality and effectiveness and, I would even say, in their basic integrity.

On the other hand, individual levels of management should have authority commensurate with their position. I do not think it is essential to specify who must be in authority directly subordinate to the general director. In our VHI the general director has 33 directly subordinate employees. When one adds to this the responsibility of being present personally at many discussions, this quickly fills up the schedule of the work day, week and month. This is in total conflict with the theory of what a director is meant to concern himself with the theory of what a director is meant to concern himself with.

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ACCUMULATED INVENTORY CALLED DEAD WEIGHT ON ECONOMY

Prague HOSPODARSKE NOVINY in Czech No 50, 1986 p 5

[Article by Eng Jiri Koliha, Czechoslovak State Bank, Prague: "A Burden Called Stock"]

[Text] Unreasonably high supplies of stock draw on significant social resources which still are not being effectively included in the production process. This is also true of the reserves held in the engineering departments which make up roughly one-fourth of all supplies in the national economy. The Federal government therefore charged these departments with a number of tasks (resolutions Nos. 74 and 308/1984) which should help to improve the situation. After 2 years the Czechoslovak State Bank has evaluated the effectiveness of the measures taken on the basis of the resolutions. What were the conclusions?

Audits by the SBC [Czechoslovak State Bank] showed that in 1984 there was a favorable effect mainly by operational one-time actions. For the engineering departments taken all together, the planned status of reserves was maintained and the period of their turnover was accelerated by 5.5 days as compared with 1983. In 1985, however, the activities of the organizations and VHLJs [economic production units] in approving and executing operational and, in particular, basic long-range actions directed at reducing stocks dropped off considerably. This resulted in a lower rate of acceleration of stock turnover in 1985 as compared with 1984 to 3.1 days and nonfulfillment of the planned goals in their utilization. This fact showed up unfavorably in the base starting point for 1986 and the entire Eighth 5-Year Plan.

One Delivery for Twenty Years

Management of ferrous and other metals, which in the majority of engineering organizations is the main item for production output, has considered importance for effective utilization of supplies. It is right in this area that there have been considerable unused opportunities for a number of years. The delivery of this material from the production enterprises is based primarily on the schedules and quantities resulting from the suppliers' production cycles, but this makes it impossible for the customers to make optimum use of supplies. Resolution of this

conflict by the marketing organization Ferona so far has not been sufficiently effective. The organization has a shortage of suitable storage capacity and facilities for modifying metallurgical material. A balanced flow of deliveries from the production enterprises has also not improved and even Ferona therefore supplies its customers all at once.

We likewise have not succeeded in expanding the variety of metallurgical materials supplied by Ferona and the customers are therefore forced to order a whole list of materials directly from the producing metallurgical enterprises.

The production and delivery cycles at those enterprises are getting longer and this increases the one-time nature and accumulation of deliveries. The minimum quantities which the production enterprises require to be ordered within one delivery are also growing. Such deliveries then lead to metallurgical material accumulating at the customer's end. For example, at ZTS (Heavy Machine Tool Enterprise) Detva a branch of the bank discovered these relationships of the annual requirement and the minimum delivery of some metallurgical products:

Type of material	Annual requirement	Minimum delivery (tons)
Sheet metal 5x1500x3000	27	90
Sheet steel 30/8	1	20
Pipes 20/1	0.5	3

Ready marketing reserves created at the necessary level and variety at the supply organizations would make it possible for the customers to reduce substantially their standby reserves which are maintained to ensure continuous production. So far, however, we have not succeeded in strengthening the formation of ready marketing reserves. For 1985, on the contrary, the share of finished products and goods in the overall stocks decreased. This undesirable state of affairs showed up even more strikingly during the course of the year when the status of the stocks of the marketing organizations taken all together was lower than that planned while the production organizations exceeded the planned levels considerably. For example, at the Technomat Prague marketing organization the stocks in the first through third quarters were roughly Kcs 8 million lower than established by the plan.

Starting this year the new principles of the State Planning Commission for increasing the availability of deliveries and creating ready marketing reserves are in effect. The bank is also supporting their creation by offering advantageous credit with an interest rate of 1.5 percent. In the first half of 1986 ready marketing reserves had not yet been created according to those principles. Their planned level amounting to roughly Kcs 150 million for all engineering departments does not in either its amount or the range of inventory considered meet the needs of increased availability of deliveries from the metallurgic, engineering, and electronics organizations.

The Supplier Still Leads the Way

Despite all efforts, the economic contractual relationships between the supplier and the customer remain the weak link in attempts to make better use of stock. The imbalance between the national economic need for certain products and the sources for their satisfaction by suppliers leads to economic superiority of the suppliers over the customers, which not even the legal regulations governing the field of economic contractual relationships face up to sufficiently effectively. The decisive partner in determining ordering schedules, the delivery deadlines, and other conditions is the supplier, who gets thus a one-sided advantage over the customer organizations because they want to ensure the necessary deliveries in the future as well. Orders must be submitted far in advance, the signing of economic contracts is often dilatory, and the delivery deadlines are mostly specified only as to the quarter in which they will be made and sometimes even greater periods. The deliveries contracted for are not always reliably filled. All this creates a sense of insecurity for the customer as to when he will get the necessary delivery and he therefore prefers to maintain large stocks which are readily available.

Some VHJ's are good examples of rationally managing mutual deliveries between organizations within the VHJ and they give us an idea of the unused opportunities which exist in this area.

For example, in the VHJ Aero Prague proper management of deliveries within the VHJ made it possible to speed up the period of stock turnover supplied by the enterprises of that VHJ for the past year by 30 days and its length does not amount to even 40 percent of the stock turnover period of the other domestic deliveries. Cooperation is also effectively organized between the production organizations of VHJ Agrozet Brno where requests are substantially met in a given 10-day period with the possibility of even making the deliveries more specific on a daily basis.

It would be a substantial improvement in economic contractual relationships if the suppliers themselves had an economic interest in acquiring orders from the customers and also had the appropriate conditions for filling them. One of the measures which would lead to this is a transition to evaluation of VHJ's' and enterprises' operations according to the economic contracts signed and fulfilled.

It Is Better to Have More Spare Parts

The supplies of spare parts necessary for repairs of the machinery and equipment being operated reach considerable amounts in the engineering departments; their share averages between 5 and 10 percent of the material stock.

Organizations using spare parts to maintain and repair their machinery constantly complain about the completeness, quality, and particularly the timeliness and operational nature with which their requirements are

satisfied. This forces them to create excessive reserves of spare parts which they would be able to use immediately if needed. This practice often, however, leads to acquiring and storing disproportionate quantities of spare parts which are not used up during the lifespan of the machinery for whose repairs they are intended and which become unusable after the machinery is taken out of operation. They are not always sorted out and gotten rid of in time, however.

The engineering departments therefore approved measures which are directed toward improving the makeup of the spare parts inventory and reducing their excessive amounts. This mainly concerns effective centralization of the procurement and utilization of spare parts and proper planning of the volume of spare parts based on the maintenance and repair plan for fixed assets. In 1985 centralization of acquisition and storage of spare parts was effected in a number of VHJs (for example, in VHJ Ferrous Metallurgy and VHJ Metallurgy Processing Industry).

It turns out that measures to limit the undesirable growth in the amount of spare parts are more effective in the smaller enterprises with a stable amount of capital construction. In large enterprises with extensive capital construction. In large enterprises with extensive capital construction (for example, the enterprises VHJ Ferrous Metallurgy, AZNP (Automobile Works, National Enterprise) Mlada Boleslav, and Tatra Koprivnice), the supplies of spare parts grow mainly through the influence of first supplying machinery and equipment brought into operation.

VHJ Agrozet Brno is a good example of how to take care of supplying customers with spare parts. The supplies of spare parts in this VHJ are concentrated at the customer marketing organizations (Agrozet Brno and Agrozet Zvolen) which then satisfy the customers requests without delay from the central sources thus created. So far, however, this experiment is not taking care of all the customers' requests for the necessary spare parts.

Norms Without a Measuring Function

On 31 December 1984 the fourth stage in specification of supply norms went into effect with the goal of making them more objective and firm so that they could be fully utilized for planning and managing supplies. The bank therefore requested that the engineering departments in working out directions on setting supply norms also establish concrete tasks for the subordinate VHJs in firming up the norms as compared to their current level.

The first results of the 31 December 1984 specification of norms showed that the levels laid out by the norms were reduced only in organizations of the Federal Ministry of Metallurgy and Heavy Engineering. In another two engineering departments the bank discovered that the aggregate levels laid out by the norms were higher than the planned and the actual level of supplies. On the basis of critical comments and disagreement by the bank and economic agencies the norms were again reevaluated, this time with better results. The overall cost of specification amounted to

almost Kcs 1.5 billion for the engineering departments, which is 1.3 percent of the level of supplies set out by the norms.

It is not possible despite this to evaluate even these results of specification of supply norms of 31 December 1984 entirely positively. The basic shortcoming is that specification of the norms in most cases did not lead to an active effect on the delivery cycles and other delivery conditions which would make it possible to reduce the level of the insurance portion of the norms of the appropriate supplies. With a mechanical acceptance of the existing, mostly unsuitable delivery cycles and the considerable unreliability of the deliveries, the norms in many cases were calculated higher than the original ones. And now they have been additionally modified so that they do not exceed the planned levels. For example, in VHI Ferrous Metallurgy the specified norms exceeded the original plan for 1985 by Kcs 700 million and then a further updating in 1985 ensured reduction of the norms below the level of the planned status.

An important element affecting the development and utilization of supplies is the incentive system for the employees in this field. The turnover period for supplies is currently one of the criteria for awarding bonuses to employees responsible for the development of supplies, as well as to the directors and deputies of enterprises and plants. In some cases (for example, in VHI Prago-Union), the bonus regulations were supplemented with a provision for cutting off bonuses and incentive awards for the employees responsible for undesirable development of supplies in the same way that sanctions are charged by the bank.

At almost all organization, however, the incentive system is reduced in effectiveness by the fact that its principles do not take sufficiently into account a balance in the development of supplies. The decisive factor for awarding bonuses and incentive awards is maintaining the goals at the end of the period (the year or the quarter) without regard as to whether the level of supplies during the period is usually substantially higher. The example of the Olomouc Heavy Engineering Plants, which included the responsibility for maintaining the average quarterly supply levels into the principles of the incentive system, so far remains an uncommon exception. Likewise, no one is making use of the new opportunities provided this year by the decree of the Federal Finance Ministry on regulation of supplies and deciding to have the organizations plan supplies in addition to the level of 31 December 1986 also as the annual average level.

The tasks planned for this year set a goal of achieving an acceleration of the supply turnover period by 3.1 days with a slowing of the growth rate to Kcs 1.2 billion as compared with the plan level for 1985. Non-fulfillment of the planned goals for 1985 means that in comparison with the situation on 31 December 1985 the task of accelerating the supply turnover period has increased to 6.6 days and the reduction in the level of supplies which corresponds to this is Kcs 3.1 billion. Developments to date, however, show a serious risk in achieving these goals since on 30 June of this year the supplies exceeded their planned level for 31 December 1986 by Kcs 6.3 billion.

ASSESSMENT OF PUBLIC CONSULTATION IN PLANNING PROCESS

Warsaw GOSPODARKA PLANOWA in Polish No 11, Nov 86 pp 470-475

[Article by Stanislaw Golinowska: "Consultations on Planning Assumptions (Results, Assessments, Proposals)"]

[Text] The overall shape and procedure of planning consultations are outlined in the pertinent provisions of the Decree on Socioeconomic Planning, which basically run as follows:

-- the principal problems and the proposed directions of their solution should be presented in the Press and other mass media;

-- the planning agency is obligated to present to the Sejm and the public the results of public consultations on the central plan and the manner in which they are taken under consideration. (Footnote) (Decree of 26 February 1982 on Socioeconomic Planning, DZIENNIK USTAW, p 51, Chapter 6, No 7, 1982.)

The first consultation on planning assumptions took place in August, September, and October 1982, and it concerned the concept of the 1983-1985 Plan. Thus, the Press (RZECZPOSPOLITA and ZYCIE GOSPODARCZE) had published the so-called "Variants of the Concept of the National Socioeconomic Plan Until 1985 and Preliminary Assumptions for 1986-1990." At the same time, copies of the draft plan were sent for assessment to 121 plants and factories. In addition, the PZPR, the allied political parties, and youth organizations conducted consultations within their structures. Furthermore, public opinion was polled by the Center for Public Opinion Surveys and Program Studies under the Committee for Radio and Television, with the polls covering 1,000 respondents. The Press and radio and television provided a forum for broad public discussion of the plan's assumptions.

In 1982 the Planning Commission received 191 comments on the plan assumptions. These comments varied in form, ranging from laconic statements concerning selected topics, such as "We are in favor" or "We aren't in favor," to manuscripts of several dozen pages that not infrequently complemented, justified, or proposed amendments of concepts contained in the planning document.

Since then, the assumptions of the central annual plans have been subjected to public consultation every year. As for the next consultation on the assumptions of the medium-range plan, it took place in 1985 and pertained to the 1986-1990 5-Year Plan. Thus, the planning document, termed "Variants of the Concept of the 1986-1990 National Socioeconomic Plan," was published in the Press and subsequently its copies were sent to about 2,000 enterprises and sociopolitical and socio-occupational organizations, institutions of higher learning and institutes, and various central and voivodship institutions. The Press began to publish the public's comments on the planning assumptions for the 5-Year Plan and special radio and television programs were broadcast. This time, however, the Center for Public Opinion Surveys and Program Studies did not conduct polls of public opinion.

As a result of this public consultation, the Planning Commission received 619 comments on the 1986-1990 Plan. These comments can be divided into two kinds: extensive assessments by sociopolitical and socio-occupational organizations, institutes, institutions of higher learning, and advisory bodies, and relatively brief but often extremely detailed statements by enterprises concerning their own preferences, as well as simple answers to the questions asked in the planning document.

This paper analyzes solely the comments sent to the Planning Commission. The analysis was performed at the Institute of the National Economy in cooperation with the Information Center of the Planning Commission. (Footnote) (It should be emphasized that the analysis was performed independently of the Planning Commission (although it was commissioned by that Commission). It led to an extensive study titled "A Comparison of the Results of Consultation on the Planning Assumptions for the 1983-1985 and the 1986-1990 Periods." The analysis, directed by the present writer, was performed with the participation of W. Balcerowski, S. Ciaston, Z. Czyzowska, L. Deniszczuk, S. Uplawa, P. Wazniewski, J. Wierzbowski, A. Zaremba, and I. Zukowska.)

Attention was focused on the issues identified most often, and frequently by the participants in the consultation. By the same token, isolated issues raised by discrete participants were disregarded, although not infrequently they were important and posed in an interesting manner. These were considered by the party directly interested in the results of the consultations, namely, the Planning Commission.

The comments on both plans for the 1980's were largely determined by the form and content of the documents presented for the consultation. First, a position was taken chiefly on the problems considered in these documents. Second, as a rule, the manner in which these problems were viewed was the same as in the documents. Third, in situation in which a choice had to be made between two or more proposals, the choice suggested in the documents was accepted. Fourth, when arguing their views, the respondents repeated or elaborated upon the arguments of the central planners.

Another factor affecting the nature of the comments is the identity of the respondents. The participants in the consultation on planning assumptions were chiefly economic organizations, mainly those in industry. In the first series of consultations, industrial enterprises accounted for 50 percent of the

participants, plus agencies of central administration and sociopolitical organizations, 20 percent. In the second series of consultations, industrial enterprises already accounted for 80 percent of all respondents. Certain domains of the economy took no part at all in the consultations, e.g. agriculture and forestry as well as domains outside material production. It should be added that one-third of all participants were located in just three voivodships: Warsaw, Katowice, and Lodz. There were practically no respondents from the new voivodships. In view of this, the results of the consultations reflect the needs of traditional economic organizations, which reduce chiefly to employment, wages, and investments.

One-third of the comments received on the assumptions of both the 3-Year Plan and the 5-Year Plan included information about the intentions of the responding enterprises themselves. A comparison of these comments reveals no differences in approach by respondents. The differences that exist ensue rather from their identity. In the consultations on the 3-Year Plan, in which the enterprises participated to a smaller extent, the weight of the comments by other respondents -- sociopolitical organizations, scientific societies, institutes, and institutions of higher learning -- was greater. Hence, these consultations can be assessed as more substantive and somewhat less formal, although only one-third as many respondents had participated in them.

A breakdown of the interests of respondents in discrete problems points to the following pattern: They are most concerned with issues that directly relate to the problems existing in enterprises, that is, employment policies, work time, greater discipline of labor, elements of the operating system of enterprises, ways of enhancing management efficiency on the microeconomic scale, and incomes -- chiefly wages.

But the respondents also fairly often took a stand on those general issues which were explicitly presented for consultation, that is, choosing among principal variants and subvariants, preferences as regards the distribution of consumption, or preferences as regards the distribution of nonproduction investments.

At the same time, as a rule, no position was taken on the figures cited in the documents concerning certain problems on the macroscale.

The consultations on planning assumptions for the 1983-1985 and 1986-1990 periods yielded the following results. The first series of consultations led to the acknowledgment that the paramount purpose of the plan should be to meet the basic social needs, that is, nutrition (60 percent of the responses gave first priority to this issue), housing, and public health. By contrast, in 1985, meeting the food needs was no longer an issue and personal consumption was ranked first, with housing again ranked second. It is interesting that the principal priorities named included equilibrium, most often construed as market equilibrium.

In both series of consultations, intermediate variants of the evolution of basic figures on the generation and division of national income were preferred. In the consultations on the 3-Year Plan about 90 percent of the respondents preferred the intermediate variant. In the consultations on the

5-Year Plan the intermediate variant also was preferred, although this time only one-half of the respondents answering this question preferred it; it is interesting that one-third of the remainder named the third variant, the one characterized by indicators of the highest growth rate of national income and the highest share of investments therein.

As for the variants of the division of national income, i.e., the so-called subvariants, the choices by respondents in the first series of consultations differed from those in the second series. In 1982 they preferred the so-called "protected consumption" variant which, from the standpoint of the three presented variants of macroproportions, was the intermediate one, although, as its appellation indicates, it leaned more toward consumption than toward investments. But in 1985 the investment variant was explicitly preferred. To be sure, subvariants of division of national income were not included in the planning assumptions for 1986-1990, but a suitable question on the topic was included. The answers to that question revealed a pro-investment orientation of the respondents, who are inclined toward accelerating the pace of investments, and that not only if the growth rate of national income is higher than that specified in the planning assumptions, but also if it is lower.

The comments on the division of investment outlays reveal in their turn an evolution of views in the pro-production direction. Thus while the consultation on the assumptions of the 1983-1985 plan revealed preference of the social variant (priorities for housing and food industry complex), the consultation on the assumptions for the 1986-1990 plan revealed a definite pro-production orientation. The planning assumptions for the 1986-1990 5-Year Plan did not introduce this dilemma in the form of corresponding subvariants, but the abovementioned orientation was revealed by numerous comments on the direction of investments.

The responses on the division of the consumption fund were similar in both series of consultations. A higher growth rate of personal rather than collective consumption was definitely preferred by the respondents. The first series of consultations produced more frequent responses pointing to the need for a balanced growth rate of both kinds of consumption (39 percent of the respondents answered this question), but in the second nearly all respondents commenting on this topic declared their preference for a more rapid growth of individual consumption. The manner in which this topic was presented and the responses it elicited involved many conceptual misunderstandings. Irrespective of this, however, the responses seem to point to a preference for personal incomes, and chiefly for wages (consider the breakdown of the participants in the consultations). The deficient recognition of collective consumption may reflect apprehensions of wage cuts rather than any lack of preference for consumption at educational, public health, recreational, and other institutions.

The planning assumptions for 1986-1990 formulated the alternative: consumption or nonproduction investments. Here the consideration was that the growth in investment outlays would concern chiefly housing, schools, and hospitals. Regardless of the possibility that such a choice might arise at some time (the problem of capital transfer), the responses on this topic are interesting. The

growth in outlays on such nonproduction investments was more often preferred by the respondents, but sometimes on condition that the necessary level of consumption be assured, or even if that level be at least the same as in 1980, or that this occur only at the expense of collective, not personal, consumption.

Thus, the consultations on the planning assumptions for 1986-1990 revealed the strength of the housing demand. At the same time, they revealed that the respondents accept measures to augment the participation of private individuals in both financing the housing construction and operating the housing stock.

The responses on employment policies and labor discipline were quite contradictory. First, both series of consultations pointed to concern for manpower resources, but the second series revealed apprehensions of the consequences of a lower growth rate of these resources. This reflected unwillingness to increase employment in the sphere of nonmaterial production and in the nonstate sector. At the same time, proposals for mobilizing the skills of pensioners, annuitants, and temporarily unemployed groups of the population. Proposals for reducing work turnover also were supported. Second, at the same time, the respondents questioned all the proposals intended to lengthen work time or enforce its proper utilization, as well as other forms of tightening labor discipline. For example, the proposal for discontinuing sickness pay during the first three days of illness met with nearly total disapproval. The respondents also questioned proposals for revising the labor law code so as to curtail the rights of employees (these proposals were made by the central planners with the object of tightening labor discipline), although several of these proposals (greater penalties for "drunkenness" or quitting work) met with the approval of the participants in the consultations.

Conflicting opinions also concerned the assessment of certain directions of social policies such as family allowances and educational preferences, in connection with the needs of the demographic peak.

The opinions on personal incomes were dominated by opinions on wages. During the first series of consultations a higher proportion of respondents took a stand on the concept of an incomes policy preferring the least privileged groups. They accepted this orientation in principle, although some of the responses were qualified. The respondents among enterprises also demanded protection for the middle-income groups, whom inflation hurts the most. In the second series of consultations, the wage demands of enterprises were more emphatic. They differed in form and justification: some desired subsector justice (wage equality), while others clamored for priorities for themselves, complained about losing their labor force and difficulties in maintaining their production level, proposed wage-increasing changes in incentive systems, asked for tax relief on wage increases, postulated stronger incentives, or demanded compensation for the increase in the cost of living. Not infrequently, conflicting proposed solutions had the same purpose -- an increase in the wage fund and in average wage. This ensued from the differences in the possibilities of individual enterprises for increasing wages.

Proposals for bringing the wage system into order and introducing universal and stable rules of the game in this field also were made. But such responses were much more rare than the responses reflecting wage demands. The assumptions of the 1986-1990 plan presented for consultation the question of a uniform growth rate of real wages, suggesting its stabilization during the first 2 years of the 5-year period. One-half of the respondents answering this question were in accord, while some 15 percent were totally opposed to any stabilization and several percent thought that the proposed growth rate was in general too low. The suggestion of the central planner was deemed pertinent by 12 percent and feasible by 9 percent.

Problems of balancing the market and prices were of relatively great interest to the respondents in the 1982 consultations. At that time nearly 40 percent had expressed their opinions on this topic. They chiefly evaluated ways of combatting inflation and measures to balance the market. Numerous proposals concerning the directions of price policy also had been made. Noteworthy is the relatively strong emphasis on the problem of using prices as an instrument for redistributing personal incomes.

In the consultations on the planning assumptions for 1986-1990 the problems of market and price equilibrium were no longer in the focus of the respondents' interests. Only about 15 percent of the respondents commented on this topic. Prices were considered chiefly in terms of price policies. The respondents predominant in this series of consultations (the industrial enterprises) drew attention chiefly to the role of prices as stimuli of production growth. This problem, too, was viewed from the standpoint of the producer rather than the consumer.

In both series of consultations the response toward the problem of efficient management was constructive. Above all, many proposals for streamlining management were made. These proposals were processed in the order of their decreasing frequency. The proposals recurring more than 30 times were as follows:

- application of new and modernized production technologies, more efficient and more materials- and energy-conserving than their current counterparts;
- replacement and modernization of productive capital;
- taking measures to streamline the utilization of work time;
- initiation of the manufacture of products needed to improve the efficiency of utilization of materials and energy;
- supply of a sufficiently broad range of producer goods, chiefly spare parts, rolled shapes, and quality steels;
- comprehensive measures to improve production quality;
- design of increasingly less energy- and materials-intensive products and modernization of existing design solutions;

- linkage of individual wages to the economic effects achieved;
- an incentive wage system influencing the efficiency of management at the enterprise;
- enterprise-operated as well as centralized development funds for financing effectiveness-promoting measures;
- convenient conditions for initiating pro-effectiveness investments;
- streamlining the collection of wastes and secondary materials and utilizing them efficiently.

As regards effectiveness of management, the respondents in the second series of consultations provided different answers. This shows that consultations may provide central planners with valuable information on ways of accomplishing the goals specified.

These consultations also afforded an occasion for commenting on the operating system of the economy and the application of the economic reform. First, the responses reveal that enterprises are incompletely familiar with the principles of the economic reform. The spirit in which they made their responses is at times such as if the operating system of the economy had not changed. Second, the respondents viewed the lability of economic instruments as the reason for the immaturity of the attitudes toward the application of the economic reform. Third, the respondents pointed to the fiscalism of the central authorities as a factor complicating self-financing at enterprises and curtailing enterprise autonomy. Fourth, as assessed by the respondents, the operating system of the economy in the years 1982-1985 indicates only a limited application of the essential mechanisms of the reform.

Problems of the reform and the operating system of the economy had received much more attention during the first series of consultations. At the same time, the second series of consultations pointed to problems of the operating system which had previously been considered mere possibilities. In many instances, obstacles to the application of the new operating system that had barely been perceptible in 1982 became fully tangible in 1985. In the opinion of the respondents, this was often due to the failure to resolve more fundamental problems of the reform during the first stage of its application.

The respondents also evaluated the planning documents as a whole. In general, their evaluation was not positive. Most often, they complained about opacity of the language, as well as about excessive generalizations and sloganeering. Many had reservations about the numerical side of the text. They claimed that the average citizen cannot on this basis evaluate a trend or a proposal unless he is provided with adequate explanations as well as with references or comparisons in time or among countries. The related comments postulate the provision of broader information and definitions of terms, especially for the benefit of the mass participants in the consultations. In view of the differences in the ability of respondents to comprehend the language of the planning documents, it was suggested that two versions of such documents be

introduced -- one for experts in various domains and the other for the broad public.

The respondents often commented on what they viewed as relatively small differences in the variants and subvariants presented for choosing, which prevented understanding the "philosophy" behind the directions of economic policy. This fact discourages choosing among these variants or makes them purely formal. They moreover thought that the absence of a longrange plan that could serve as a background for reference hinders proper consultation on the assumptions of the medium-range [1986-1990] plan. Comments of this kind were made by the respondents who answered questions relating to structural transformations in the economy.

The comments on the consultation procedure reflected a feeling of helplessness. The enterprises wondered how was the planning document to be consulted and with whom. In practice, most often the plan assumptions were discussed within the sociopolitical aktiv of the workforce and the enterprise management, or within a small group of top management, although in some places special discussion meetings of the workforce were organized for this purpose. The respondents appealed to the Planning Commission for drafting appropriate instructions on the organization of consultations.

■

Certain problems became evident for the first time only in isolated comments. Often they were important and raised by extremely competent respondents. For example, environmental protection was considered in three extensive studies. In one case this was the opinion of a professor, in another, the opinion of an institute working on the problem, and in the third, the opinion of the Environmental Protection Council. Problems of inflation and the economic equilibrium dominated the comments from the economist communities -- the Main School of Planning and Statistics, the Polish Economic Society, and the National Economic Council. Similarly, problems of research policy were raised in comments by the Polish Academy of Sciences; problems of agricultural policy, by the Team of Experts under the Supreme Committee of the United Peasant Party; and problems of transportation, by the Association of Transportation Engineers and Technicians.

These comments by experts generally reflected a desire for their broader cooperation with the Planning Commission already at the preparatory stage of planning assumptions.

The participants in the consultations on planning assumptions can be divided into several groups depending on the nature of the opinions which, judging from the experience so far, they can provide. They are:

1) economic units. So far this is numerically the most represented group, even though it is onesidedly represented, being dominated by industrial enterprises;

2) households -- a group previously not represented in the consultations. Some approximation of the opinions of that group may provided by a sample random

poll of the adult population taken by the Center for Public Opinion Surveys and Program Studies in 1982;

3) sociopolitical and social organizations. The PZPR, the United Peasant Party, the Democratic Party, the Patriotic Movement for National Rebirth, the All-Poland Alliance of Trade Unions, the Polish Scouts' Union, the League of Women, and the Family Council participated in the consultations on both medium-range plans;

4) organizations and institutions associating experts in various domains as well as individual experts. This group of participants in the consultations has so far been represented by the National Economic Council, the Polish Economic Society, the Scientific and Technical Society, higher schools of economics, subsector institutes, and scientific societies;

5) central administrative-economic institutions, such as ministries, committees, central offices, central associations;

6) local agencies.

The participants in the mass consultations on planning assumptions should be the first two groups -- enterprises and households. These groups are not capable of making fully informed comments on planning assumptions in the scope and form presented so far.

Experience has moreover shown that macroeconomic concepts are alien to these two groups and that they identify collective or so-called general social interests with their own. For this reason, the principal kind of information that central planners can expect from these groups is information on the structure of their preferences on the issues basic to them, rather than opinions on plan concepts from the standpoint of well-understood national interests. By obtaining such information the central planners become knowledgeable about the divergences or convergences of interests among various constituencies and the interests represented by the central planning agency; such knowledge should basically influence further pre-decision procedures such as clarification and propagation of the standpoint of the central authorities, achieving a consensus, social arbitration, abandonment of certain intentions by the central authorities, etc.

However, public consultations on variants of the plan concept should not be in the nature of referendums. This means that the final selection of variants of planning solutions may be but does not have to be based on the principle of the "majority of votes."

Planning consultations are moreover a source of comments on ways and means of implementing on the microscale the tasks formulated in the planning documents. Such comments provide knowledge about the potential attitudes of the economic units toward the implementation.

The consultations also represent a major instrument for the economic education of the society. For they compel economic units to relate their own experiences and needs to the macroscale and collective interests.

As a result, planning consultations provide a most important means of participation of the society in determining the country's development.

The consultations conducted so far showed that the mass participants in them should and can comment on the following questions:

- goals of plans linked to variants of their structure;
- alternative consumption models;
- ways of financing the implementation of particular consumption models (scale of subsidies, scale of compensation to the consumer) and even of particular domains of consumption such as food, housing, recreation, or culture;
- scale of desirable and accepted differentiation of incomes within the society;
- proportions (ratios) between the growth rate of incomes from labor and that of incomes from social funds (and especially from financial allowances);
- organizational-legal methods for the implementation of consumption (here: collective consumption, meaning form of consumption, and personal consumption, problems of private ownership, problems of rationing, the operation of the "second circulation" [the underground economy], organization of trade);
- principles of price policy (here: the dilemma between the equilibrium price and the elimination of the allocation system versus continued rationing, or too quasi-rationing and lower prices);
- directions of social policy (here: the dilemma of material versus financial allowances when these are mutually substitutive).

Enterprises may moreover provide comments and extensive information on:

- ways and means of streamlining management on the microscale;
- the operation of solutions of the economic reform;
- streamlining employment on the microscale;
- the operation of incentive systems;
- organization, discipline, and utilization of work time and the obstacles to improvements in this domain.

The nature of the questions asked with respect to the above problems will be determined by the conditions and concepts of particular plans.

A planning document released for mass consultation should be couched in language understandable to the public. Every problem should be posed clearly and the variants for its solution should be accompanied by "pro" and "contra"

arguments, without, however, suggesting which solution is acceptable. Numerical data illustrating the problems should be presented against the background of previous statistics, or against a background of international statistics. Macro-quantities are not understandable to the average participant in mass consultations. They should be related to the population or households and indicated in terms of time and in a manner stimulating the respondent's imagination. At the same time the questions should be worded in the form of questions asked in a typical public poll and as specific as possible; while limiting the freedom of choice, such a specificity of questions would improve both the central planner's discipline of presentation and the economic education of the society. This should be accompanied by insistent encouragement of the respondent to justify the answer he gives. Examples of the poll approach are to be found in a study by the IGN [Institute of the National Economy].

Representativeness of the responses can be achieved through a proper selection of respondents. With respect to choosing among economic units as representative respondents several criteria can be used, chiefly the criteria of the field, branch, and subsector of the economy and the territorial criteria. With respect to households, representative samples used by the GUS [Main Office of Statistics] in surveys of family budgets, or those used by other sample survey centers, can be utilized, as can be the samples of the Center for Public Opinion Surveys, which already is cooperating with the Planning Commission.

Enterprises should be assisted in developing the procedure for planning consultations at their level. In this respect the enterprises are uncertain on how to proceed, so that planning documents often are commented upon by the enterprise management on its own or in cooperation with plant socioeconomic organizations (the PZPR, trade unions, and worker self-government). At times even the party organization at an enterprise provides on its own answers on behalf of the entire enterprise. At other times the consultations are based on polls prepared for discrete departments of an enterprise or on a report on a workforce meeting especially convened to discuss the planning document, with the report being drafted either at the enterprise or at the Planning Commission by an especially assigned employee. It appears that planning consultations should prompt the aktiv and management of the enterprise to articulate their opinions independently. Planning Commission personnel may elucidate the text of the document, but may not participate in drafting the opinions or comments.

The next group of participants in planning consultations was the sociopolitical organizations. In form and content, their comments diverged from the comments of the enterprises. In general, they champion some or other thesis linked to the needs and interests of one or another social, sociodemographic, or socio-occupational group, and they justify the importance of its activities and of satisfying its needs to improving or even energizing the conditions of development. The larger numerically the group represented (often besides the responses were made on behalf of entire social strata, e.g., working people), the more such theses pertain to major national issues, generally those of the living conditions of the population (with strong emphasis on working conditions and environmental protection) and consumption

problems (chiefly problems of housing, services, market equilibrium, and the functioning of trade). The responses contained elements of a program for resolving the issues raised and, more often, commitments to work on such a program within the sociopolitical organization. As a result, responses by these participants in the consultations often lacked answers to many questions posed in the planning documents when such questions concerned issues extraneous to these organizations. Drafting the questions in the form of an opinion poll questionnaire would, as we proposed earlier, prompt respondents to answer them in a form of interest to the central planners. It is to be supposed that, in their capacity as a participant in the consultations, the sociopolitical organizations will always put forward postulates for protecting or prioritizing the population groups they represent.

A planning document sent to sociopolitical organizations does not have to be formulated in the same way as that demanded by mass participants in the consultations, and the subjects on which these organizations can and should take a position are unlimited, despite the focusing of their responses so far on the social aspects of the plan. It appears, however, that sociopolitical organizations should be provided with copies of the same planning document as the mass participants, with the proviso that they can draft extensive responses if they consider it necessary for presenting their position.

It is absolutely necessary to include experts in the work on the plan during the stage of drafting the plan assumptions, rather than to include them in the process of mass consultations. The question of introducing mandatory consultations of individual experts named by sociopolitical organizations, and professional or scientific communities, on the theses for the assumptions of medium-range plan, should be considered. The participation of these experts and the manner in which their proposals are utilized or their work commissioned by the Planning Commission, should be mentioned in the planning document distributed for broad public consultations.

Selected experts should have greater access to information, which may make their contributions much more useful than previously to the central planners. At the same time, the experts should take part in the preparatory stage of plan drafting. They could develop a preliminary concept of changes in plan assumptions due to the results of mass consultations and the responses of sociopolitical organizations.

As a participant in the planning process (both through its preliminary assessments and in its capacity as a subject of planning), the central economic and local administration should not take part in the mass consultations, but it should cooperate with the Planning Commission in carrying them out.

■

The proposals concerning the conduct of future consultations on the assumptions of multiannual plans are based on the experience gained in analyzing the results of previous consultations. This is not a sufficient premise, but it probably should be taken under consideration.

ARTICLE ILLUSTRATES PRIVATE ENTERPRISE INITIATIVES HAMPERED

Opole TRYBUNA OPOLSKA in Polish 7 Jan 87 p 3

[Article by Andrzej Mach: "A Few Little Stories"]

[Text] I sincerely recommend the program "Viewpoints" broadcast on Sundays on Polish Radio's third channel. On this program, Zygmunt Szeliga and Marek Wilhelm talk about very interesting economic matters, including foreign trade which has been ailing for quite a while now. For example, the point was debated that it is not enough to want to export. One must know how to produce the goods which someone would want to buy at a fair price. Presumably this is nothing new, but still...

Bronislaw Rybaczuk, director of the firm "Las," says that last year export began to collapse completely for him. The reasons, which are not entirely of an economic nature, require a separate discussion. Today, however, I want to show the methods which the enterprise used to save itself from a deficit in its trade balance. What they thought up was the idea that they would produce pallets...

Ordinary pallets, made of scrap wood. The raw material was there, the production capacity was there, and there were the people who, of course, could make these very uncomplicated objects. They also found a partner in the form of TEXTILIMPEX, located in Lodz. It went like this: A certain Dutch dealer took pallets from Las, in Opole, and paid for them with various textile products. Hence the idea of getting in touch with TEXTILIMPEX and entering into compensatory agreements.

The Dutchman, convinced that Las is making good pallets, steadily increased his orders, sales grew and everything seemed to be in order. A capacity was reached which guaranteed a yearly production of 150,000 pallets. By the way, because of problems in obtaining nails, Las received them from Holland.

But PAGED, the foreign trade enterprise whose specialty is wood products for export, demanded its due. Problems and jurisdictional disputes began to arise along the Ministry of Foreign Trade—TEXTILIMPEX—PAGED line, and stacks of pallets, which no one seemed to know what to do with, piled up at Las. Tal's

are underway. Director Rybaczuk is optimistic, believing that ultimately common sense will win out over parochialism.

Wanda Nowak, an up-and-coming engineer who recently directed export construction in Czechoslovakia, also had some interesting information and observations to report. Specifically, about the port and other hydroengineering facilities. Deadlines were short, the contract explicitly stated the date for completion of the work, and there was a shortage of people to do the work. Urgent pleas were dispatched to Poland to send skilled workers, who somehow did not arrive.

The employer at that time, W. Nowak, ODRA-1 Hydroengineering Construction Enterprise, had workers ready and willing to travel, but everything was blocked by the foreign trade office NAVIGA, which was the Czechoslovakian client's main partner.

Therefore, there was a shortage of skilled labor for the specific construction jobs, but the administrative staff of NAVIGA grew and grew. Hotel managers arrived, as did their assistants, and office workers of both sexes. The numerous teams which came from Poland to conduct inspections are beyond mention, because this was an daily occurrence. Thus the proportions between the direct-production and the administrative staffs were soon typical of a domestic construction enterprise. As a reminder (based on data from the Voivodship Statistical Office): In all socialized construction-assembly enterprises in the region, 20,000 people are now employed, of whom 8,200 work in direct production, which is 41 percent!

There seem to be fewer expressions of opinion recently to the effect that all economic ills in our country are caused by Polonia firms and PEWEX, which is indeed a suspect organization. After all, we know that it deals in hard currency and goods which cannot be bought in ordinary shops.

But since there is such a large amount of convertible foreign exchange in circulation (how much?—probably even the minister of finances does not know), this money has to be siphoned from the market in some legal way.

The head of PEWEX in Opole, Bronislaw Blotnicki, is really afraid of what will happen in 1987 because he is required to show a certain growth rate and last year's figures were recordbreaking. Television sets, video recorders and cassettes were the best sellers. But only blank cassettes. Somehow it has not occurred to anyone to have a government firm also sell cassette tapes containing films. We are not referring to such films as "The Big Fear," "Last Tango in Paris," or a version of "Emmanuelle." I have in mind films which are less controversial—for our taste—of which there are now plenty, only 500 to 600 kilometers from our border. We also have these films in Poland. They are the result of foresight within the so-called "private import" area.

People who bring in these films, sometimes by smuggling them across the border, make a lot of money on them. The state could be doing this, but is not, for reasons which cannot be logically explained.

Anyway, there are more such wonderments. For example (as long as we are talking about suspect businesses), there is the little matter of wholesale sales of attractive textiles to private craftsmen. But this is what the police, prosecutors and courts are for. But when a craftsman has hard currency, goes to an official state store, pays what is asked, makes products from this which are priced in zlotys and for which there are buyers, then where is the crime? Anyway, the craftsman had to pay tax on this to the state and the hard currency made its way into the PEWEX cash registers (we buy tea for it, among other things). Is it better that this craftsman buy hard currency on the black market (and does not buy PKO Bank coupons, which is legal), smuggles it across the border, buys his raw material there (gets a discount there, too), and somehow figures out how to get it into the country?

The owner of a private store which is licensed to purchase foreign goods will absolutely not reveal her name. She says, "Just call me 'dealer.' I won't be offended.

In her shop you can buy coffee, pepper, peanuts, and all kinds of juices. Most of the stock is from across the border. How does she do it?

—The people who sell it to me come themselves.

—They smuggle it across the border?

—I don't ask. They bring the goods, I check the quality and I buy. A box of pepper from Czechoslovakia costs about 3 korunas. Here it costs 150 zlotys. But this is still not the best deal.

—The coffee seems to be from Austria.

—Actually it is from our PEWEX. Two-twenty for a quarter of a kilo. This, too, is profitable.

—For you?

—For me and for the person who brings it to me. After all, I don't sell at a loss. But I am a retailer. I have a friend who runs a restaurant. He is taking a risk, but the business is doing well. A liter of Polonez [vodka] costs as much as a quarter kilo of coffee—two-twenty. Even at 800 zlotys for a coupon it comes out 1,760 zlotys. Half a liter is 800. A real bargain. Especially in the saloons and cocktail bars.

—You have oranges and lemons...

—The lemons will soon come to an end. There seem to be too many of them in the regular stores. The price will fall, unless the ships come into the ports late again. The oranges will stay about the same. So will the bananas.

The private export-import business is experiencing a heyday—the state to a much lesser degree. Can this change? Because, after all, it should, if we use as a starting point the color of the light burning in front of export. The malicious say that after a green light there is the yellow light and later the red light. More than just these little stories published here seem to bear this out.

POLITYKA COLUMNIST ON 'DISAPPEARANCE' OF DOGMATISTS

AU011100 Warsaw POLITYKA in Polish 21 Mar 87 p 12

[Daniel Passent article: "Who Saw Him"]

[Excerpts] Spring is approaching, but will the dogmatists return from the warm countries? Where are they? I will probably have to advertise in the paper: "An 80-year-old dogmatist has disappeared and has still not turned up. Anyone who has seen him please contact the family or the nearest militia station." The time has come when one has to ask the militia to search for dogmatists. If only we could find at least one dogmatist to meet the needs of the museum dealing with the history of the intellectual movement!

Where are those people who claimed that even timid attempts to increase the role of the market would result in "market socialism," a horrible disease that no one has as yet suffered from except perhaps Yugoslavia, while others have suffered from an entirely different disease?

Where are those who were afraid of decentralization and shunned it like the devil shuns holy water? Some 10 years ago a timid article appeared in POLITYKA with heresies such as for example, that in a large developed country like Poland it is impossible to determine everything centrally. This article was interpreted as an attempt to weaken the party's leading role, and it was this argument that ardent polemicists—the destroyers of every unorthodox idea—used for their own purpose.

Where are those who were so successful in dismantling small-scale production and damned the cooperative movement as something obsolete? Where are they hiding? Where are the people who combated with such ruthlessness all forms of ownership other than state ownership and who were saying that even a limited tolerance of such forms amounted to turning back the clock of history. Where have these people withdrawn to?

Where are they hiding, those who opposed joint companies with foreign capital—companies regarded as synonyms of capitalist dependence? Where are the opponents of joint enterprises and undertakings called "joint ventures?" [preceding two words in English] Today these two words continue to be pronounced in bad English by every second economist and journalists.

Where are those who claimed that agriculture can wait because it is privately owned and that light industry is of no importance because it does not add to the country's strength and power. Where did they disappear to?

Long live bankruptcy! This is what we continue to hear everywhere. But where are those who taught us that bankruptcy represents the same waste of capital and manpower as advertising or competition?

As for competition, we have suddenly discovered the virtues of competition and the enterprising spirit. But I was told at school that competition was waste. Why run 5 plants producing socks and pay 5 managers, 10 secretaries, 20 watchmen, 30 drivers, 15 designers, and so on and so forth if only a single combine is able to produce all we need? Foreign designers were said to be especially harmful because they kept on designing newer and newer socks with checks and stripes, although everyone knew that socks with checks are as warm as socks with stripes.

This fact was even confirmed empirically. Two pairs of socks were imported from Paris by the institute of knitwear and hosiery. The socks were made of identical material, but they differed in checks and stripes. Two candidates in sciences put these socks on and stated under oath that plain socks were the warmest because neither checks nor stripes generated any heat and that all they did was to amount to an ideological ballast and a relict of the consumerist style of life, which was being purposefully promoted by certain circles in the textile industry. Where are those so-called experts now? After all, they were flesh-and-blood people with wives, apartments, furniture, and positions and they constituted that voluminous body under which common sense tottered and many a person broke down. These "experts" have now vanished into thin air.

Perhaps they went to the warm countries? But which ones? Where can they find a favorable climate? Looking at the map, we are hard put to deciding where they went. As for revisionists, they could choose at will: Bonn, Paris, Munich, Radio Free Europe, Oxford, or the Sorbonne. But dogmatists? Perhaps they went to Albania. But is not Albania too small for so many Polish dogmatists? Or perhaps they are honorable people and we do not hear from them because they have committed suicide—harakiri—out of despair because what economists from Kamchatka to Belgrade continue to do nowadays is not to recite formulas but to calculate?

I do not consider the bankruptcies of plants as a significant measure to save the economic situation, but I am in favor of one bankruptcy—the bankruptcy of the dogmatic stream of socialism's political economy. We are now witnessing this bankruptcy, but who would have thought that we would live to see this within such a historically brief time? Of course, the dogmatists refuse to admit this bankruptcy and lack the courage to do so. Besides, who would want to read today the books and periodicals of 20 years ago in order to find out which professors should be consoled on their achievements. But let us spare them such condolences because today new sorrows continue to afflict them. It is with increasing frequency that this or that professor continues to hint at the need to introduce unemployment because otherwise it will be impossible to round up people for work.

Dogmatists continue to keep quiet not because they are afraid of a lynching atmosphere, of losing their university positions, jobs, party membership, and of being run out of the country. They continue to keep quiet because they know that the demand for their pronouncements and formulas has decreased and that the demand for specific and meaningful proposals that result in increased productivity, export, energy, savings, raw materials, and manpower has increased. A great surge of reforms has spread across socialist countries from Moscow to Hanoi and from Beijing to Budapest and Warsaw. Time, which is a merciless judge, has shown who is right and who is not. Unfortunately, this was a time that has been partially lost.

Those who have been wrong and are now witnessing things that no philosopher has dreamed about continue to keep silent or have attuned themselves to new ideas. Using military parlance, they disappeared under the fire of the facts and arguments. But they have not surrendered their arms, which is perhaps just as well because disputes and the struggle between contradictions produce truth and progress. That is why at least one courageous dogmatist could be of use in this connection. Still the dogmatists are waiting until the reforms fail or stop half way and everything returns to the old schemes. In such a case things will be worse for use, but better for them. If we lack perseverance and consistency the dogmatists will rear their heads and crawl out of their dugouts to launch an attack. That is why it is still too early to hold a roll call of the fallen.

/3309

CSO: 2600/507

EXPORT DEVELOPMENT BANK COMPARED TO HUNGARIAN MODEL

Warsaw *NURIER POLSKI* in Polish 17 Dec 86 p 1

[Text] "Until 31 December I am the head of *IMPEKOMETAL*," says Krzysztof Szwarc, "and I will be the director of the newly formed Export Development Bank (EDB) starting 1 January. Before the end of that month we will publish an official announcement on how to buy stock in our bank, the price, opening and closing subscription deadlines, etc. We already have so many buyers for the stock that we will not have to complain about a shortage of customers."

Thus Poland will be one of the first CEMA countries to have a real commercial bank, because the existing Commercial Bank (without taking anything away from it) is commercial in name only. EDB is supposed to function and make money on transactions according to the most rapacious free-market models.

—The Hungarians have similar enterprises, says Bank Board member Marian Minkiewicz, but they are not commercial banks in the strict sense. I would sooner call them financial institutions because they do not have many typical bank rights. For example, they cannot get foreign credits but are allowed to use forints only. But we took the Hungarian experience into consideration when we organized EDB.

EDB's capital thus far consists of 3,550 billion zlotys deposited by the State Treasury (Ministry of Foreign Trade and Ministry of Finances) and the Polish National Bank, the Commercial Bank, the Food Economy Bank, and the Polish Savings Bank. In addition, EDB will very shortly issue 5,800 shares of stock at the nominal price of 250,000 zlotys each, which will give us a total of 5 billion zlotys for "startup" money.

The stock will be issued "in-name", explains director Szwarc. The shares can be purchased by socialized, cooperative and mixed enterprises, with the State Treasury's share exceeding 50 percent. One share entitles the owner to one vote. Parent agencies cannot buy them. There is so much interest in them that we will sell them at a price approximately triple that of the nominal price. All of the foreign trade enterprises, enterprises from the meat and chemical industries (e.g., *Police* in Wloclawek), and the nonferrous metals industry, have declared their desire to become EDB stockholders. We want to sell stock to the largest number of enterprises so as to avoid domination by just the large companies with the most money. You can be sure that everyone

who applies, whether large or small, will be able to buy at least one share. We will begin to pay a dividend starting 1 January 1988.

EDB also has its own expansion plan. By the end of the current 5-year plan the bank's financial operations should exceed 100 billion zlotys.

All we need now is another site for the new institution. For the time being, EDB is in the "basilica," i.e., the Ministry of Finances. But a bank which finances such an important sector of the economy as foreign trade is not just any old kind of exchange office that can be crammed in with some other institution. There is talk about the gold skyscraper apparition on Dzierzynski Square, and about the LOT (Polish Air Lines) block opposite Central Station. Both locations are very tempting but we do not know when these buildings will be available. And a bank, as we know, should inspire respect and confidence by its very appearance.

9295

CSO: 2600/368

REGIONAL REPORTING ON ECONOMIC ISSUES RELATED

Warsaw RZECZPOSPOLITA in Polish 5 Feb 87 p 3

[Review by (OXO): "The Piranha Coproduction Supplier and the Computer in the Office" surtitled "Reviewing the Regional Press"]

[Text] It is no news that plant suppliers have their own ways of raising prices. But the experience of the country's only producer of agricultural sprayers, the Wroclaw PILMET, decidedly breaks a record. Its "supplier-piranha" as R. Zabinski terms its supplier plant in GAZETA ROBOTNICZA (29 Jan 87), supplies it with frames for the sprayers.

"In September 1986 PILMET paid for these frames 12,000 zlotys apiece, and from September till December 14,000 zlotys. From December till 1 January 1987, it paid 17,000 zlotys. And as of January it is paying 25,000 zlotys apiece! Were the frame to be manufactured by PILMET itself, it would cost only... 9,000 zlotys. Perhaps this is a reason for the inflation? Why is such highway robbery possible? After all we have laws curtailing the increase in contractual prices, do not we? But suppliers are shrewd. They find a way around by subcontracting in their turn. It works like this: supplier A is provided by PILMET with materials (yes, PILMET must store and deliver them to that supplier), e.g., angle irons, which it then cuts into pieces and ships to supplier B who then welds these pieces together and ships them back to supplier A who paints the frames and only then sells them to PILMET."

In this way, the newspaper article reckons, cost is augmented, profits are multiplied several times over, and as a result the cost of the product is several times as high as it would be were it to be manufactured by PILMET itself. "What is worse, the subcontracting of production is sanctioned by the Ministry of Finance and the extra cost is considered justified, and hence it can be offset by a higher price. Thus the so-called finalists, including PILMET, are pinned on the mat, so to speak."

"A scourge for the chronic disease of incompetence" — this is what TRYBUNA ROBOTNICZA (27 Jan 87) terms the Decree "Against Monopoly Practices...." "The second stage of the reform will again turn out to be a time of "interim solutions" unless the monopolists are eliminated. This could be accomplished by splitting up unnaturally large factories into smaller ones wherever possible and opening new plants wherever a single producer of a minor

component holds several industrial subsectors by the throat. Once these organizational preparations are completed, the price system is streamlined, and the opportunities for highway-robbery profits afforded to the monopolist by jacking up prices are reduced, it becomes possible to use the scourge of law. Utilizing these rights (i.e., the rights contained in the aforementioned Decree) is a prerequisite for the success of economic restructuring in the coming years and for expelling from the market those producers who chronically ail of incompetence, and also for relieving manpower, equipment, and materials needed elsewhere."

SZTANDAR LUDU (28 Jan 87) publishes a kind of requiem for small housing cooperatives. "Throughout the country we have barely 32⁴ small housing cooperatives, of which only two-thirds are capable of accomplishing their plans, i.e., [by obtaining] construction sites. The reason for such a low volume of small-scale housing cooperative movement is chiefly the shortage of developed land for low-rise construction.

"Well, when the 'wherewithal' is missing, there is no point to organizing these cooperatives. This is the situation despite the fact that the Politburo of the PZPR Central Committee has issued a detailed resolution specifying that all cooperatives registered by the end of December 1983 are to be provided with construction sites by the end of last year. Reports presented to the Sejm demonstrate that neither sufficient attention nor priorities were granted to these small cooperatives. There also exist other barriers, such as the unfavorable short-term credit, problems with materials, and excessive red tape, but it is the availability of construction sites that is decisive.... The registration of cooperatives is already being discontinued, because what is the use of creating a fiction for which there is no chance of coming true. There are no longer any willing applicants either. The experience of their colleagues, who are striking their heads against the wall of impotence, discourages initiative. Only those who had been the first to begin are having some success. They had availed themselves of the propaganda impetus while it was still fresh, and it was they also who had been allocated the last remaining reserve land...." SZTANDAR LUDU continues: "A similar fate is being experienced by persons enthused about [the new law permitting] the conversion of attics to dwellings. The thicket of contradictory and ambiguous regulations, and often simply of illwill, has laid to rest this form of acquiring one's own dwelling as well. It can be done, but at a huge expense of money and effort. A few have succeeded, but the others gave up and are waiting."

"The changes occurring in our economy," states S. Szokarski in GAZETA ROBOTNICZA (27 Jan 87), "are increasingly visible. Now is the turn for a reform of the laws, for they are less and less conducive to progress -- they lag behind needs and are neither coherent nor stable." The writer continues, "An economic law code patterned on the laws of the Czechoslovak Socialist Republic and the GDR should not be drafted and voted, because experience does not justify the validity of their solutions. The experience of the USSR and Hungary is much better; there, everything relating to the economy is covered by a uniform and coherent civil law code.

"The adoption of such a model will involve changes not only in the relations

between enterprises and their parent agencies, as well as with the central planning and financial agencies, but also in the system for arbitrating disputes and claims relating to contracts between autonomous economic organizations. This would be handled by special economic courts incorporated in the structure of the general administration of justice. At present these powers are divided among the State Economic Arbitration Commission (handling claims of socialized plants), the common courts (employee disputes and disputes with private firms), and the Supreme Administrative Court (e.g., tax rates based on individual decisions).

Streamlining and integrating, first, the basic legal provisions and, next, the implementing regulations, would markedly accelerate the reform and bring its goals closer, according to a GAZETA ROBOTNICZA correspondent. "But let us not delude ourselves that this can be done rapidly and easily. Legislative work in this domain so far has produced decrees with numerous loopholes and, what is worse, it allows a quite broad interpretation of implementing regulations. Hence the next wish of lawyers and economic activists, namely, that new regulations be not drafted in haste. For it is better to spend a little more time and achieve lasting solutions than to continually revise and amend so as to rectify what has been overlooked in haste."

GAZETA POMORSKA (26 Jan 87) examines the chances for streamlining the activities of the state administration and warns against euphoria over the idea of computerizing government offices.

It states, "Computers require professional and properly trained operators. Their use may be extremely productive provided that all the institutions subordinate to or cooperating with agencies of state administration also are computerized. While this idea should not be abandoned, I think that much greater opportunities for improving the performance of agencies of state administration are harbored in further simplification of their procedures and in bringing into order the utilization of the right to waive the requirement to submit a large number of written proofs and other documents."

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CSO:2600/398

PROFESSOR ADVOCATES SMALL-SCALE UNEMPLOYMENT

AU301508 Warsaw POLITYKA in Polish 21 Mar 87 p 2

[From the "press review"]

[Text] Gorzow and Zielona Gora GAZETA LUBUSKA on 17 February published an interview with Professor Andrzej Kozminski from the Department of Management of Warsaw University, by Agnieszka Suchecka. Here is an except from interview:

[Kozminski] I realize that the general awareness of the meaning of socialism does not include the notion of unemployment. Although we all realize that massive unemployment harms every aspect of the economy, we also realize that one does not show the necessary respect for whatever comes easily. Under socialism jobs must be as difficult to come as money is. After all, these two notions are inseparably linked.

That is why I hold the view that small-scale unemployment is absolutely necessary and even a stimulation. Otherwise, work will remain the supreme good only in slogans, and we will be hard put to talk about any successes in improving the manpower market, which is now the most sensitive area of our economy.

/8309

CSO: 2600/507

TRADE MINISTRY DISCUSSES EASTER FOOD SUPPLIES

LD022311 Warsaw Domestic Service in Polish 1800 GMT 2 Apr 87

[Text] There will not be a shortage of poultry, especially ducks and poultry products, for the approaching Easter holiday. There will be a little less ham, smoked port fillet and high quality cold pork than usual. There may, however, be shortages in the supplies of fine quality flour, coarse ground wheat flour as well as soy and sunflower oil. There will also be an insufficient supply of vegetable oil, butter, margarine and fine quality butter. Traders anticipate an abundance of lemons and more coffee than in March. The supply of chocolate and chocolate-substitute products will be better.

In the period prior to Easter, the hours of shop opening will be changed. On Sunday, 12 April, the shops will be open. The Easter supplies were discussed in the Ministry of Internal Trade, where information was also given on the supply of industrial goods. Sufficient laundry detergent will be assured by import from Yugoslavia, the supply of net curtains will be increased mainly from the GDR, Romania, and Czechoslovakia. It will continue to be difficult to clothe children, especially those between the ages of 2 and 12.

/8309

CSO: 2600/507

MANUFACTURER DEFENDS DETERGENT PRICE HIKE

Warsaw ZYCIE WARSZAWY in Polish 11 Feb 87 pp 1,2

[Interview with Janusz Tabaszewski, Director of POLLENA, by Ryszard Zabinski: "In More Expensive Foam" surtitled "The Wroclaw POLLENA Hikes the Prices of Its Detergents by 20 Percent"]

[Text] (P) (Own information) As of 2 February the Wroclaw POLLENA has raised by about 20 percent the prices of its detergents.

We asked its General Director Janusz Tabaszewski why.

[Answer] The changes in producer prices were the principal reason for the increase. Detergents are manufactured from several basic raw materials. For example, the so-called "tpf" accounts for 38 percent of the mix, and since 1 January 1986 its price has changed five times, rising to 121 from 90 zlotys per kilogram. The price of sodium sulfate, 20 percent of the mix, has during last year risen six times, to 17 from 9.5 zlotys per kilogram. This also applies to other ingredients.

[Question] But cost increases do not necessarily have to be shifted onto the shoulders of buyers. Attempts could be made to streamline the manufacturing process, organize it better.

[Answer] Last year our sales increased by 70 percent and productivity per employee by 54 percent. This was possible owing to an improved organization of labor, a new wage system, and the activation of a fluidized vibration bed on which we produce the modern detergents "Bionis" and "Polar." These detergents are, like the new color pastes for delicate fabrics, rinse and wash no worse than their imported counterparts, as confirmed by special tests.

[Question] For a complete picture, it should also be added that during the same time the wages at your plant also have risen considerably, by about 34 percent. Your mean [monthly] wage toward the end of 1986 was more than 22,000 zlotys. You hired 100 new employees. Was not this owing to the higher detergent prices?

[Answer] It suffices, in my opinion, to compare the increase in wages with the increase in productivity I mentioned earlier. Our price calculations were

accepted without reservations last January by the Voivodship Treasury Office in Wroclaw. Trade also accepted the new prices.

[Question] Trade would find it hard to object, since then its profit margin also increased.

[Answer] The profit margin of trade has remained at the same level, i.e., 19 percent. But the higher price means, of course, higher revenues. Let the tradespeople say themselves whether the extra 5,000 zlotys they earn per ton of detergents owing to the price increase are earned honestly or not -- after all there are the new transport rates, and their other costs also have risen.

[Question] Mr Director, no one of course expects you to be in business for charity. It is also difficult to believe that the producer loses money on a product so much in demand.

[Answer] It's a fact that we're not in the red. But neither are we making any skyhigh profits. A box of the "E-Automat" detergent which, following the price increase, costs 119 zlotys (previously 99 zlotys) yields a profit of 4 zlotys to our plant. A box of "Erlon," now costing 122 zlotys (previously 102 zlotys) yields a profit of 5 zlotys. A box of "Bionis," now 133 zlotys (previously 119 zlotys), yields a profit of 20 zlotys. The price of "Bio" has increased to 121 from 101 zlotys, and we didn't raise the price of "Polar," which still is 170 zlotys a box. We had a 10.7-percent profit in 1986, and at present the ratio of profit to production cost is about 17 percent for the standard detergents.

[Question] In brief, we customers have to swallow this new price increase in the belief that it is in all ways justified and that the producer, POLLENA in Warsaw, is doing everything to make the best products possible at the lowest cost possible.

[Answer] I wish that the quality of our products and our trademark would fully confirm this opinion. In the case of detergents, what we term material costs account for 85 percent of all our expenditures. Thus if the cost of raw materials increases, our cost also increases, and the plant has no influence on this.

For example, already after the price increase, telex messages have been received in Wroclaw about new price increases of about 20 percent for so-called fragrances, oils, and dyestuffs and 30 percent for cardboard boxes (which POLLENA uses in quantities of about 50 million annually).

Altogether, and here I wish to dot the 'i' as it were, owing to the higher prices of materials, the production cost per ton of detergents has increased by 12,000 zlotys, plus an additional 700 zlotys owing to new freight rates. However, shop expenditures at the plant were such that the price per ton of detergents could be increased by only 23 zlotys, and the plant-wide price, by only 28 zlotys.

1386

CSO: 2600/398

SPECIAL STORES FOR MINERS DEFENDED

Wroclaw GAZETA ROBOTNICZA in Polish 9 Jan 87 p 1

[Interview with Marian Zietkiewicz, Director of the Lublin Branch of the PZG [Miners' Provisioning Enterprise] by Slawomir Szokarski: "Truths and Myths About Miners' 'PEWEX'" surtitled "'We Simply Are Needed,' Marian Zietkiewicz, Director of the Lublin Branch of the PZG, Says"]

[Excerpt] [Question] People in the Copper Basin differ about the company you manage. Some miners call your stores "PEWEX" [an allusion to special stores where otherwise unobtainable goods can be bought for hard currencies], because they sell attractive scarce goods, for zlotys to be sure but not to everyone. This upsets the average customer. The personnel of the local trade enterprises also dislike these stores. They envy you your better supplies, high sales volume, and prominent stores. Aren't your special preferences infringing on the generally mandatory principles of law and, especially, social justice?

[Answer] Opinions about our stores are largely exaggerated and misconstrued. Superficial observations lead to superficial judgments. It is easy to oversimplify and criticize, especially when one wants to do so. But let me answer the basic question: We belong to the Katowice Mining Supplies Enterprise which was established pursuant to Resolution No 199 of 1981 of the Council of Ministers.

That legal act prescribes establishing within the ministry of mining its own trade and food-catering network and it provides for allocating (also the ministry's own) funds for this purpose, including part of its foreign-exchange earnings. The point is that during that difficult period (which still continues) miners had to be encouraged to devote extra effort to overtime work. Their increased wages alone would not have produced the desired results. More effective incentives were needed, namely, enabling miners to spend the pay credited to their passbooks on goods that are not always available in regular stores.

Such is the purpose of existence of our stores, which sell manufactured consumer goods. But this is not happening at the expense of the ordinary customer. Only 20 percent of our stock comes from the allocation list of the Ministry of Domestic Trade and Services -- I refer to merchandise that is, as a rule, available to everyone. As for the merchandise sold to persons with

miners' passbooks, it is purchased abroad and from the domestic producers whom the mining industry provides with the resources for processing into products for foreign-exchange exports, and that is why we have priority in acquiring their products that include parts derived from imports.

Those who resent our activities forget that we also are doing something else that is more basic to us. We concentrate chiefly on feeding copper miners, coal miners, and employees of the base plants of the KGHM, which yields us only minimal profit and sometimes even losses.

[Question] What is the ratio of your sales of manufactured consumer goods to the sales volume of your food-catering operations?

[Answer] Of course, the volume of our sales of manufactured consumer goods markedly exceeds our income from catering sales. The former reaches 2.5 billion zlotys and the latter, 1.4 billion.

But let's employ different indicators to see this in its proper proportions. We operate altogether 95 catering establishments, 20 more than in 1985, compared with only 13 stores selling manufactured consumer goods (only one new store). The remainder consists of canteens and employee bars and restaurants (26) as well as factory kiosks, cafeterias, and foodstores (56). Our catering services to miners employ more than 650 persons, whereas the miners' stores, "PEWEX" as you call them, employ only 87 persons.

This ratio needs no comment — it demonstrates clearly what is our primary purpose and where we are needed most.

[Interviewer] Thank you for the interview.

1386

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OVERVIEW OF WARSAW AREA ELECTRONICS INDUSTRY

Warsaw ZYCIE WARSZAWY in Polish 9 Feb 87 p 3

[Article by Alicja Matynia-Bonik: "Three Views of Electronics" under the rubric "In the Nation"]

[Text] The famous 1982 report of the Club of Rome states that the so-called second science and technology revolution will influence most greatly the civilizational development of the world. While discussing the government draft of the National Socioeconomic Plan, Sejm Deputy Dr of Engineering Sciences Mieczyslaw E. Fracki referred to that report, stating that while the first science and technology revolution had replaced physical labor with mechanized labor, the second is replacing intellectual labor with the labor of electronic equipment, doing so in an universal, comprehensive, and reliable manner. This second revolution is that of microelectronics, headed by microprocessors.

Electronics influences not only the development of labor but also the life of the society. It helps humanize labor and improve its safety and hygiene as well as public health, environmental protection, and access to information. The countries which in the next few years fail to catch up with the world's leading accomplishments in microelectronics will cease to count as economically significant countries.

The Polish electronics industry is sited 50 percent in the city and voivodship of Warsaw. But the electronic components industry alone is located nearly 100 percent here, and so is 40 percent of the production of electronic appliances. Thus, located in the Nation's Capital and voivodship are enterprises of strategic importance to the development of electronics and the electronicization of the national economy. Located here also are the main R&D facilities of the electronics industry and laboratories for research into the applications of electronics to many domains of life.

This situation poses special tasks and responsibility to Warsaw. Janusz Patorski, secretary of the PZPR Central Committee, views it as an obligation to promote the development and monitor the effectiveness of economic and administrative measures relating to electronics. It was precisely the Warsaw party community that demanded a special government resolution and appropriate ordinances removing the barriers to the development of Polish electronics. And such a resolution, bearing the number 77, was passed by the Council of

Ministers in 1983. What are its consequences? It was decided to spend during the period until 1990 a total of 400 billion zlotys on the electronicization of the national economy, automation and roboticization of production processes, and development of new materials and manufacturing technologies. This program moreover meshes with the program for cooperation among the socialist countries, and chiefly with the Soviet Union, for the period until 2000.

Regular analyses of the electronics industry in Warsaw Voivodship by the PZPR Warsaw Committee reveal that the value of electronics output in 1985 had doubled in comparison with 1980. The year 1986 was a period of further increase in that output, to the extent of 18.5 percent for computer hardware and approximately 20 percent for control and measuring apparatus. In the last two years, 50 percent of the previously manufactured radio receivers, black-and-white television sets, and tape recorders, were replaced with their more modern counterparts. and for color television sets this indicator amounts to 100 percent, thus assuring in this last case the conditions for reception of television signals under the PAL/SECAM system. In addition, the power requirement of the sets was reduced.

One-half of the nation's investment outlays [on the electronics industry] was spent in enterprises of Warsaw city and voivodship. As estimated by the PZPR Warsaw Voivodship Committee, so far as the electronics industry is concerned, the concept of shortage of Polish funds for the development of technological production potential does not apply. On the other hand, the possibility of obtaining domestically produced standard and one-of-a-kind technologies and equipment is limited. And as for the production of components, it is virtually an Achilles' heel, being too low owing to, among other things, the lag of chemical and light industries. The technology needed to manufacture electronic components cannot be bought anywhere with Polish currency. For this reason, in the current year there exist major restrictions on the manufacturing of electronic products for the domestic market and for export.

The economic and technological results achieved last year, significant as they are, cannot overshadow the fact that they still remain low compared with the highly developed countries or even the other socialist countries. In per capita terms, and in United States dollars, income from the electronics industry amounts to US\$860 in the United States, US\$550 in Japan, US\$200 in Bulgaria, US\$170 in the GDR, and US\$80 in Hungary, whereas in Poland it amounts to US\$40.

Regular annual assessments conducted by the Warsaw PZPR Committee lead to certain conclusions. Considering that the current organizational status of the electronics industry does not assure a coordinated development of electronics, a national Center for Coordinating the Development of the Electronics Industry or an Interministerial Council for Electronics has been proposed. In view of the importance of components to implementing the program for the electronicization of the national economy it appears expedient to issue government orders for the manufacture of the principal groups of these components, with special consideration of large-scale integrated circuits and microprocessors. This also is linked to an investment programs. The formation of new organisms -- companies in which science is directly applied to

production technologies, as well as manufacturing companies per se, should be promoted.

According to the assurances of the secretary of the Warsaw PZPR Committee, the Warsaw party echelon supports any initiative that results in technical, technological, or organizational progress in this field of industry. At present it even is preparing to extend party patronage to products and investments which in the future will represent major progress in the economy and contribute to modernizing industry and enhancing productivity. The obligations being assumed by the Warsaw Committee are also passed on to individual party organizations at enterprises.

On the Warsaw, or even on the national, map of the electronics industry one enterprise stands out -- POLCOLOR, a successful enterprise on the Polish scale, which develops not only production for the domestic market but also and with increasing success for export. It is directly followed by the MERA-BLONIE Machinery and Precision Instruments Plant, which manufactures mini- and microcomputers as well as peripheral computer hardware such as printers of various types, letter-quality and dot-matrix.

Ever since 1968, when they began to be manufactured on the basis of the British "ICL" license, these printers have been a specialty of the plant. Today, to be sure, nothing has remained of that license, but it had provided the basis for the development of Polish technical thought in the domain of letter-quality printers. Just as successfully, Polish technical thought has displaced the French "Logabax" license that had been acquired in the early 1970's for manufacturing a small-footprint dot-matrix printer.

The plant's ambition is to produce a sufficient number of office microcomputers to meet the needs of industrial enterprises and health service and to provide them wherever labor or its organization has to be streamlined. The demand for printers is rising in leaps and bounds and the plant is not catching up with it although in 1984 it had produced 180 dot-matrix printers, whereas already in 1985 its output increased to some 3,000 printers, and last year, to 10,500.

The strenuous efforts of the workforce and the impressive production performance are not at all reducing the gap between the growing demand and the supply possibilities. For this year an output of approximately 40,000 dot-matrix printers is envisaged, including about 30,000 printers of the D-100 type. This is the most recent accomplishment of MERA-BLONIE, not only domestically but also on the export scene.

Three-fourths of the output is sold abroad, mostly to the socialist countries. The quadruple increase in output scheduled for this year, as compared with the previous year, is close to a record for Poland.

Janusz Szajniuk, deputy director of the plant, stated, "The situation will decide the pace at which we'll expand output. Resolution "77" provides us with greater funds for accelerating expansion, but this doesn't solve all the problems. How are hundreds of suppliers to be coordinated with our program? This is the first problem. The second is that in Poland the supply of producer

goods is much smaller than the demand of industry. Imports from the Western countries could be used (certain equipment is not produced domestically), but this would require foreign exchange. Thus the plant has to choose between exporting or supplying the domestic market.

"We sell most of our output to the socialist countries. Were we to curtail our sales to them and increase our sales to the capitalist countries, we would not be fulfilling our obligations. For it is worth noting that within the framework of CEMA Poland specializes in producing printers."

The matter is very complex. Electronics is not an autonomous enclave. As a branch of the economy it is conditioned by the development of the other branches. The development of electronics requires appropriate metallurgical products, chemicals, intricate equipment, shipments from various other industries. It also requires a comprehensive program which "Resolution 77" did not assure. For example, the MERA-BLONIE Plant needs capacitors. A factory in Kutno is making capacitors, but it needs a special foil for expanding their output. In his turn, the factory's foil supplier needs more special-purpose machine tools, but lacks the foreign exchange for purchasing them abroad. Hundreds of other such examples of interdependence could be cited.

For this year the MERA-BLONIE Plant has received greater export orders from the capitalist countries. But this causes a dilemma: should products be exported, or should they be provided to the domestic market, thus earning no foreign exchange? A decision has to be made, and it should be made at a higher level..

"From the plant's point of view, there is a tangible benign climate for Polish electronics. I think that this is to the credit of precisely the Warsaw party committee," says Director Szajniuk. "It has organized all kinds of meetings, economic laboratories as it were, and it is promoting effective initiatives, proposals, and exchange of ideas."

This climate extends to the cooperation between the management and the plant party organization. At first glance it may be surprising that the 300-member plant party organization within the 2,200-member workforce at MERA-BLONIE devotes so much attention to economic issues. But, as the Secretary of the PZPR Committee at MERA-BLONIE Tadeusz Krynski explains, "This doesn't concern duplicating the work of the management. The point rather is the party's inspiring and monitoring role in every domain."

"We have extended the party's patronage to the solution of certain problems such as materials management, organization of labor, and the formation of a workforce reserve. Nowadays the attitude toward work has changed. People want to earn as much as possible during their 8 hours of work. This is promoted by the new pay system. Thus, if some obstacles arise, the workers intervene and demand rectifying the situation; they also demand this of the plant party committee. And ultimately all this promotes the development of electronics."

Three views from different standpoints on the development of electronics in this country. But all three reflect a similar picture of the situation and the possibilities.

POLISH SHIPPING LINES IN 1986, FUTURE PROSPECTS VIEWED

Koszalin GLOS POMORZA in Polish 17-18 Jan 87 p 5

[Article by Jozef Narkowicz: "Keen Competition"]

[Text] 1986 has been the worst year in shipping since the war. The anticipated growth of international trade did not take place and there is an enormous fleet throughout the world which has nowhere to go. At the moorings near Piraeus alone, there are about 300 ships waiting for the world economic situation to improve. Given these circumstances, costs of transportation are low and many shipowners are competing for goods.

How is Polish Steamship Company (PSC), the owner of a large tramp fleet made up of 126 ships (3 million DWT), doing under these conditions?

This company has done very well in the last few years, while other Polish shipping lines were having enormous difficulties. It bought new ships and signed contracts for future deliveries of ships. During this period the entire economy lacked funds for renewal of production assets. The Szczecin shipping line finds itself in a good situation economically and technically, although there will be less money available for investments in the coming years.

A Modern Fleet

At a time when competition for commodities is keen, PSC comes out a winner because it has a young fleet—its average age is 10.5 years. Its ships vary as to tonnage and are anchored in different parts of the world, making it possible for them to quickly sail to the ports where profitable cargo is waiting. The newness and versatility of the fleet has permitted the Szczecin company to survive the decline in the world economy and the fluctuations in Poland's trade with other countries. Hence it is PSC's basic policy to systematically renew the fleet in order to efficiently service the export and import of Polish foreign trade and earn revenues from hauling cargo between foreign ports.

In 1986 PSC bought five new cargo ships, for a total of 223,000 DWT. These are "Ossilineum" and "PKWN Manifest", 60,000 DWT, from Argentina, and the following 33,000 DWT ships from Warski Shipyards in Szczecin: "Bronislaw

Czech," "Powstaniec Styczniowy," and "Batalion Czwartaków." At the same time it withdrew 5 cargo ships totaling 105,000 tons: "Ziemia Kielecka," "Ziemia Szczecińska," "Ziemia Koszalińska," "Górny Śląsk," and "Bieszczady." On the other hand, the ferryship "Pomerania" was paid off and returned to its previous owner, Polish Baltic Shipping Lines in Kolobrzeg. This year Poland will recover ownership of two other ferrieships.

In 1987 five new ships will begin sailing under the PSC flag: three 33,000 DWT from the shipyards in Szczecin and two 38,000 DWT from Bulgaria. Very probably the largest Polish tanker, "Czantorja," 146,000 DWT, now leased out, will be sold. It is possible also that the money obtained from the sale of the tanker will be used by the Szczecin company to purchase ships used to transport bulk cargo.

Earning Money Hauling the Commodities of Others

The planned sale of the large tanker is the consequence of changes in cargo-transport which came fully evident in 1986 and will remain in the immediate future. Polish foreign trade, in export as well as import, shrunk greatly. PSC ships hauled 7.5 million tons of coal—2 million tons less than the year before, and only half as much as in the record years of coal exports. Transports of liquid cargo (crude oil and sulfur) dropped to 32 percent as compared with 1985.

Given this situation, the PSC fleet actively looked for cargo to haul between foreign ports, thus obtaining net foreign-exchange income for transport services. In collaboration with the large grain trade company, TRAVEX, it received orders to transport grain in different parts of the world. Grain transports were over 80 percent higher than planned and amounted to 5 million tons.

In hauling 27.5 million tons of commodities in 1986, as much as 62.8 percent were transports between foreign ports. In preceding years, the share of foreign cargoes was 48-52 percent. The money earned on foreign cargo fully covered the foreign-exchange expenses which this fleet incurred in transporting Polish cargo and cargo to Poland. The Szczecin fleet thus saved the state treasury many millions of dollars.

The PSC director general, Mieczysław Andruczyk (formerly deputy director general in the same company) reports that the Szczecin fleet has cargo-transport contracts for 1987. No large changes in transportation costs are anticipated. Thus there are contracts for increased transports of grain between the American Continent and the Far East and for transport of iron from Rotterdam to the American Great Lakes. The fleet will service Polish foreign trade (coal, ore, phosphorite, sulfur and small items of freight). Low fuel prices will reduce operating costs. Final figures will also be affected by the change in the zloty-dollar conversion rate.

PSC ended 1986 with a profit of about 3 billion zlotys. It should do the same at the end of this year.

The sum of 3 billion zlotys is enormous, but even if it were totally allocated for investment, PSC would still only be able to buy one-and-a-half ships per year. This does not mean that PSC will not purchase a new fleet. It is simply looking for the best contacts in domestic and foreign shipyards.

Where It Is Cheaper

PSC has decided not to build 18,000 and 17,000 DWT ships in Argentina. They are too high-priced right now. The European shipyards and those in other parts of the world, threatened with bankruptcy, subsidized by their governments, have begun to offer much more favorable terms for ship construction. Some shipyards are bidding half as much as Argentina did a few years ago. They are willing to build ships on convenient credit terms--repayment of credit begins after the ship has been in operation 4 years and instalments are spread out over 14 years. Thus a ship must be paid for in the 19th year of its operation.

In the next few years PSC will receive ships ordered earlier from the shipyards in Szczecin (33,000 DWT "Armia Ludowa" type) and a series of four 11,800 DWT cargo ships. This series may be extended by subsequent ships. Dmitrow Shipyard in Warna is building the next three cargo ships of the "General Grot-Rowecki type. Pendik Shipyards in Istanbul is building three 26,000 DWT cargo ships. The first will be launched in 1987. The contract provides for an extension of the series by five more ships.

The Szczecin Shipyard knows PSC's needs for the future. The rule has been adopted that ships will be repaired in Poland. Right now, a few are being repaired in foreign shipyards.

Cost reductions at PSC have made it necessary to abandon some rather giant plans. The company sold a castle in Miedzylesie, reconstruction of which would have cost 4 billion zlotys. It retained only 30 vacation spaces in it for its workforce. It sold one story of a sanatorium being built in Szczawnica. It reduced employment by 300, although each year it hires 100 graduates of the Higher Naval School in Szczecin. Employment of graduates is possible--even though the size of the fleet remains almost the same--because almost a thousand experienced officers and seamen are assigned to work abroad (they take unpaid furloughs). However, hiring of graduates of other schools has been temporarily suspended. Temporarily, because a company this large (7,000 employees) must accept young economists and engineers--if for no other reason than to avoid fossilization and to have candidates for management positions in a few years.

9295

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NEW MULTIMISSION JET TRAINER-FIGHTER SLATED FOR EXPORT

PZL I-22 Specifications, Features

Warsaw SKRZYDLATA POLSKA in Polish 25 Jan 87 pp 8-9, 13

[Article by Tadeusz Pszenicki: "PZL I-22," published under the rubric "New Polish Designs"]

[Text] New Generation of Trainer-Fighter Planes

In the 1970's and 1980's a new generation of two-seat trainer-fighter planes appeared. The aviation industries of a number of highly developed industrialized nations have decided to develop planes that would satisfy the requirements of the present-day air force.

These requirements can be summarized in two basic points:

--facilitating advanced training in piloting, navigation and combat applications at a relatively small cost of equipment and maintenance (mainly fuel costs); and

--in case of a military conflict, the possibility of effective use of the planes for combat missions: mainly battlefield support.

The armed forces of many countries imposed the following design parameters on the aircraft to be developed by aircraft design labs:

--subsonic jet planes;

--the capability for operating in ordinary and difficult atmospheric conditions of day and nighttime;

--possibility of using short runways with diverse surfaces, including grass fields and unpaved ground;

--a training capability with diverse weapons used by the particular countries' armed forces and, therefore, the possibility of diversification of suspended attachments;

--a substantial weapons lifting capacity;

--relatively simple design and maintenance;

--designs making the plane less vulnerable to enemy fire despite absence of armor (this is an extremely difficult condition to fulfill, but designers try to reduce the vulnerability by separating in space duplicate installations and dividing the power source between two engines); and

--in case the plane is hit by the enemy, means for pilot escaping alive by using a modern rescue system, including ejection seats that can operate even at zero altitude (on the ground).

When these tactical and technical requirements are satisfied by various design labs, fairly similar aircraft systems are created.

Activities of Polish Science and Industry

The Polish PZL I-22 plane belongs to the new generation of trainer-fighter planes. It has been developed by the design bureau of the Aviation Institute in Warsaw under the direction of Alfred Baron, DSc (eng), the chief designer. Various enterprises of the Polish aircraft industry have contributed to its creation, and especially the Research and Development Center of Communications Equipment at Mielec, which built the prototypes.

The prototype was flight tested on 3 March 1985 by Ludwik Natkaniec, a test pilot of the first class. Currently, the plane is undergoing an extensive series of flight tests under the guidance of Wlodzimier Stepien. Television viewers have already had a chance to watch flights of the prototype plane and tests of the pilot rescue system.

In the course of tests the plane is flown by several pilots from the laboratory and air force. So far the impressions of the pilots are encouraging for expecting a bright future for our new plane.

Technical Features of the PZL I-22

The PZL I-22 is intended for instruction and training of air force pilots in flying skills, navigation, air combat, battlefield reconnaissance and attacking ground targets. The plane equipment is suitable for conducting missions in ordinary and difficult atmospheric conditions in the day or night.

The PZL I-22 can be utilized as an attack plane for direct support of combat operations. In these conditions it features a great operational flexibility and tactical efficiency. This is a result of modest requirements for airfields and ground maintenance services, easy flying control and the capability of using diverse types of weapons.

Dimensions: span 9.60 m; length 13.22 m; height 4.30 m; lifting surface 19.92 m²; landing gear base 4.90 m; span of landing gear wheels 2.71 m.

Weights: weight of unloaded plane 3962 kg; maximum takeoff weight 7493 kg; overload factors +8 and -4.

Ranges: maximum speed (0 m) 980 km/hr; maximum Mach number 0.85; ceiling 12,800 m.

Plane

The PZL I-22 is a spine plane with landing gear which is retractable into the body.

The wings are made entirely of metal, semi-hollow, with two beams, undivided. Good aerodynamic qualities have been obtained by the use of laminar profiles and aerodynamic torque. The middle portions and the portions attached to the plane body are made up of integrated fuel tanks. Ailerons are mass balanced. Slotted flaps are deflected by hydraulic drives: at an angle of 20° during takeoff and at 40° for landing. In case of malfunction of the hydraulic system the pilot can use a backup pneumatic unit to deflect the flaps.

The body is all metal, with a longitudinal half-shell frame design. The front part of the body contains the chamber of the retractable landing gear and equipment blocks. The cabin component houses a two-seat crew cabin in a tandem arrangement. Under the base of the second seat are radioelectronic equipment and ammunition storage chambers. The gun is installed under the cabin compartment. In the middle part of the body are the wings, the fuel tanks, the main landing gear and engine air intakes. In the rear section of the body are the engines, the aerodynamic brakes, the steering and the braking parachute chamber.

The steering assembly is all metal and is mass balanced. The horizontal stabilizer has an adjustable angle and is regulated by hydromechanical drive.

A pusher system is used to control the plane. The aileron control system includes two hydraulic boosters designed to reduce the force the pilot has to apply.

The landing gear has three wheels, equipped with oil-pneumatic two-way shock absorbers and disk brakes on the main wheels. The landing gear is retracted, lowered and braked hydraulically. There is a pneumatic emergency landing gear lowering system and supplementary parking brakes for the main wheels, which can also be used as an emergency brake. Low-pressure tubeless tires allow using the plane on runways with concrete, grass or unpaved ground surfaces.

Power Train

The plane power system consists of two turbojet engines SO-3W22. The engine was developed by WSK PZL [not further identified] at Rzeszów and is a modification of the SO-3 engine installed on TS-11 Iskra planes. The engine start thrust is 1080 daN. It is a single-shaft engine with a seven-stage axial compressor, a ring combustion chamber and a single-stage turbine. The engine propulsion unit is supported by three bearings. The engine is started electrically by a dynamo starter. A hydraulic pump and sensors of plane control instruments are installed on each engine.

Fuel System

Fuel is stored in internal and suspended tanks. The total capacity of the internal tanks is 2410 dm³. Duraluminum containers of 380 dm³ each are suspended on the outside surface.

Fuel is transferred to the engines by two electrically driven pumps. In case of malfunction of one of the pumps, the other is sufficient for supplying both engines. Fuel is first taken from suspended tanks and then from the tanks inside the wings.

Inflight refueling is possible. The amount of fuel is monitored by a fuel capacity gauge. Indicators of the gauge are installed in both pilot cabins; the readings give the amount of fuel in the tanks inside the body and the total amount of fuel in the internal tanks. The light indicator signals that suspended and wing tanks are empty and when fuel is drawn down to a critical level.

A modern system of fuel tank filling under pressure is installed in the plane. All internal tanks are filled from a central intake terminal. There is a possibility for filling each of the tanks individually.

Fire Safety System

The fire safety system serves to signal and suppress fires in the engine pods. It includes two bottles with freon (two fire suppressing operations are possible). The pressure in the bottles is monitored by gauges visible from inside the plane.

Cabin

The plane has a two-seat pressurized cabin in a tandem arrangement. The cabin has ventilation system which controls the pressure and rate of pressure change, depending on flight altitude; there is also a system controlling automatically the temperature of air let into the cabin. The air for the air conditioning systems is taken from the outlets of the compressors of the two engines. They also supply air to the airmen's pressure suits.

The front cabin is for the trainee and the rear cabin for the instructor. Visibility from both cabins is fairly good, because the rear cabin is elevated 400 mm.

When flying alone, the pilot sits in the front cabin. Navigation instruments and signalization and control facilities are practically identical in both cabins, so that the plane can be controlled from either. The front cabin can be used for zero visibility flight training (by instruments). The instructor has a capability for simulating damage to various navigation and control instruments in the trainee's cabin to teach proper behavior in emergency situations.

The cabins are equipped with jet propulsion ejection seats, ensuring pilot escape even from zero altitude at speeds above 150 km/hr. The ejection is preceded by breaking the glass shield with a miniature detonation cartridge. Ejection of the seat directly through the cabin glass is also possible and safe.

The cabins are separated by individual glass shields, raised by pneumatic drives.

Ice Protection

There are means for protecting the windshield of the cabin and air intake to the engine from icing. The basic method of windshield defrosting is by electrical heating, activated automatically. In addition, defrosting of windshield glass can be achieved by outside alcohol spraying. All glass panes in the cabin are protected from fogging and freezing by hot air ventilation on the outside. Nozzles of both air intakes are protected from ice by continuous pumping of hot air from compressor outlets.

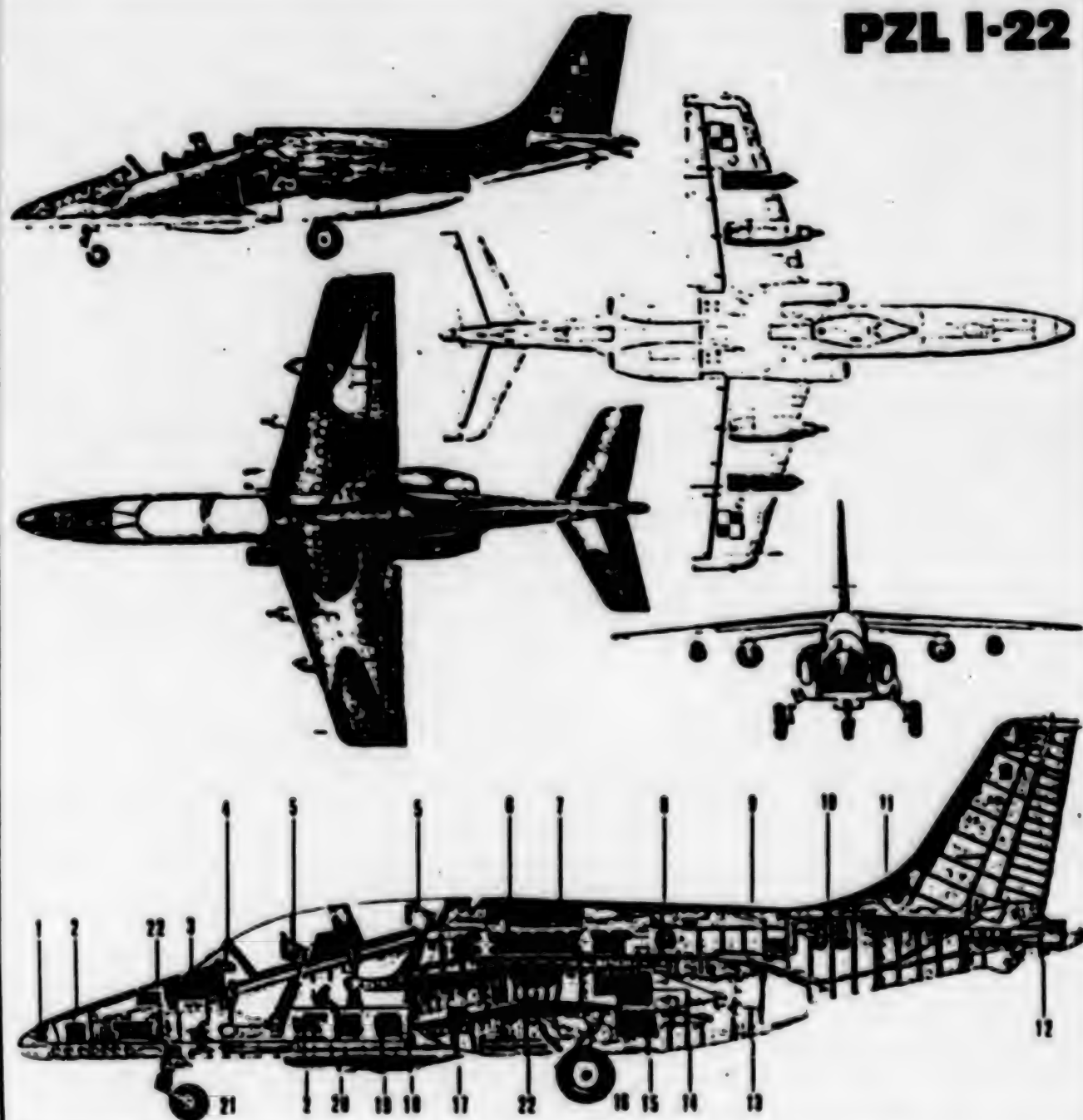
Hydraulic System

The hydraulic system is the basic power distribution system on the plane. It consists of two separate independent systems: the main system and the aileron booster system.

The main system is used for lowering and retracting landing gear, setting and holding wing flaps in three operational positions, extending and retracting aerodynamic brakes, changing the angle of the horizontal stabilizer, activating the braking parachute, braking the wheels of the main landing gear with wheel separation so that the plane can be maneuvered while taxiing, and emergency and parking braking of main landing gear wheels.

The system operates at the rated pressure of 21 MPa. The collectors are pressurized to secure failure-free operation of the pumps. The system can be connected to an airfield power source for testing the hydraulic system on the ground with the engines shut down.

PZL I-22



Graphics by Julian Malejko: (1) film camera; (2) department of electronic equipment; (3) windshield heating; (4) head of gyroscopic aiming device; (5) rocket ejection seat; (6) fuel tanks in plane body; (7) fuel tanks in wings; (8) collectors of hydraulic system; (9) aerodynamic brakes; (10) bottles of firefighting system; (11) flight parameter registration unit; (12) braking parachute; (13) turbojet engine; (14) protection of electric network; (15) batteries; (16) main landing gear; (17) central fuel inlet; (18) heated air intake to engine; (19) ammunition storage; (20) double-barreled 23 mm gun; (21) front landing gear; (22) diagnostic joints.

Pneumatic System

The pneumatic system consists of three separate circuits powered from onboard nitrogen bottles with a rated pressure of 15 MPa; the emergency circuit for extension of wing flaps in "landing" position; emergency circuit for landing gear lowering; and a circuit for opening and closing cabin shields, powering the cabin shield hermetization units, powering the unit of windshield liquid defrosting and pressurization of hydraulic collectors.

All onboard bottles are charged simultaneously through the same inlet terminal.

Electromagnetic System

The electrical system of the plane uses three power sources: direct current 28 V; single-phase current 115 V (400 Hz); and three-phase current 3 x 36 V (400 Hz).

The main sources are two generators of 9 kW each. In case of malfunction of both generators, the system is energized by two batteries. The energy sources for alternating current of each voltage are two transformers: basic and backup. If the basic transformer is damaged the backup transformer is connected automatically and takes over the full load.

Radioelectronic Equipment

The radioelectronic equipment of the plane includes the following: external and internal communications system based on a VHF radio station; a navigation system with automatic radio compass; low-altitude radio altimeter; radio range signal receiver (marker); and other systems necessary for a military plane.

The designers and the factory provided the possibility for expanding or changing the radioelectronic instrumentation systems on order from the consumers.

Weapons

The plane is furnished with permanent firearms, and there are four beams for weapons suspension under the wings. The load capacity of each beam is 500 kg.

The weapons system is equipped with an integrated electronic control unit, making use of a gyroscopic aiming device. The unit can be used to fire the gun, launch homing missiles, launch unguided missiles and release bombs in a dive or horizontal flight path.

Chief Engineer Sees Good Foreign Demand

Warsaw PRZEGLAD TECHNICZNY in Polish No 51-52, 21-28 Dec 86 pp 29-30

[Interview with Dr Alfred Baron, chief design engineering of the I-22 trainer-fighter aircraft, by Jaroslaw Kaczynski: "We Have Far-Reaching Plans..."; date and place not given]

[Text] [Question] Is it easy to be an aircraft designer?

[Answer] First of all, one must say that the situation of a designer is different, depending on what kind of airplanes he works with. The requirements, level of difficulty, cooperative relations and contacts with the client and the consumers, the scope of technical and organizational-economic problems are quite different for a farm plane or sports plane, on the one hand, and a military plane, on the other. A military plane costs not millions but hundreds of millions, and the research-and-development costs are proportionally higher.

Besides knowledge, willpower and skill, an aircraft designer must have enough enthusiasm and mental strength and courage for decision-making. He bears the burden of responsibility for human life, because tests of new designs always involve an element of risk. He is also responsible for effective use of large amounts of public money. The designer is always exposed to criticism and complaints: for being behind schedule, for design errors and changes, for refusal to accept somebody else's ideas, concepts, etc. In case of failure, it is the designer's fault. In case of success, everyone takes credit.

Elsewhere in the world, where aviation development is a steady process, the place of the designer is stable. His role in the building of airplanes is defined unequivocally, and his position is not affected by changes in the leading positions on various levels of management. This prevents the situations that I have just described from arising.

[Question] What is necessary to create a modern jet plane?

[Answer] Most important is a modern industry. A country that does not have such an industry is incapable of building a modern airplane. The aviation industry stimulates technological progress and at the same time benefits from the development of practically all industries. It works hand in hand with metal industries, chemical industries and all branches of electrical engineering.

For this work one needs design bureaus and research-and-development laboratories employing designers, experts and scientists. One also needs wind tunnels--subsonic, transsonic and supersonic--with the necessary measurement space, well-equipped laboratory to test equipment systems and installations, modernized factories to manufacture experimental components for prototypes, laboratories to test the strength, endurance and resonance

characteristics and flight testing units with experienced pilots and mechanics and equipment for simultaneous measurement of hundreds of parameters with automatic data registration and processing.

We need schools with aviation departments to ensure a constant influx of aviation engineers and provide a research base for solving theoretical problems. I want to emphasize that the dismantling of the aviation department at the Warsaw Polytechnical Institute hardly helped Polish aviation.

International cooperation is needed to obtain certain equipment and materials which our industry does not produce. This concerns mainly electronics, automation and precision mechanics. It should be noted that no country in the world except the superpowers makes planes without international cooperation.

Finally, we need means and organization to tie in the efforts of hundreds of scientific and production units in the creation of a new plane and coordinate their work.

[Question] What is the job of the chief designer of the plane in these conditions?

[Answer] In the early days of aviation the designer was chief figure in building a plane. He was the source of knowledge not only about the design but also concerning aerodynamics, strength, manufacturing process, materials and engines. Often he was also the pilot and the builder. This was the case with many of the first designers: Breguet, Heinke, Sikorski and others. This went only until the 1930's. At that time there was a rapid growth of theoretical and experimental aerodynamics, the theory of frame and thin wall structures, aircraft engines, rigging and manufacturing methods, which gradually became specialties in their own right. The designer of the plane was no longer capable of mastering all the knowledge necessary for building it and could not take care of everything. Gradually, he spent more and more time in coordinating information supplied by various specialists. Sound engineering background and experience still enabled him to convert this theoretical knowledge into the design of an airplane.

After the war, the military began to impose more and more demanding requirements on ranges of performance. This called for a more profound analysis of aerodynamic and gas dynamic phenomena and solving problems in theoretic research and experimentally.

This increased the role played by specialists in these fields, which acquired a greater influence on the development of aircraft design. Without them the designer is no longer capable of determining the geometry of a plane.

By the end of the 1960's and in the early 1970's more stringent requirements were introduced with regard to endurance, reliability and efficient

operation, as well as flight ergonomics and safety. Much more began to be expected from navigation systems, automatic flight control and weaponry, escape and warning systems, etc. A military plane became an air vehicle made of previously unknown materials with new technological methods, "stuffed" with miles of cables and instruments and hundreds of hydraulic, electrical, electronic and pyrotechnical systems. It is powered by jet engines with an exceedingly high thrust-to-weight ratio. The specifications of aircraft construction have become much more precise, and the number and scope of tests for the development of a construction and documenting its compliance with tactical and technical requirements have grown by many times. The tools and methods of design have also changed. Instead of calculators we have computers. Instead of a drawing board and tracing plate we have automatic plotters. Instead of writing down the results of tests by hand we use magnetic tapes and sophisticated analyzers for data processing. Direct observation of tests has been replaced by chambers with magnetic sensors.

Dozens of institutes and centers take part in the creation of a modern military plane, including thousands of specialists and technicians. The contribution of the design office to the development of a prototype has been reduced from about two-thirds in the 1930's to the current share of about 20 percent. The role of the aircraft designer has been greatly changed. The knowledge necessary for building a plane is too much to master for a single brain, even the most talented. Of great importance is the skill for dividing a complicated problem into elements to be studied by the various experts and then performing a synthesis and choosing the most efficient solution. More time has to be spent on delegating work while remaining the creator of the concept and the chief initiator of the activities which eventually lead to the final version of the plane. The designer must have creativity and a skill for anticipating the results of the decisions he makes.

[Question] Is it possible today to assign the chief designer's name to an airplane?

[Answer] This is a matter of custom. In the Soviet Union all aircraft code names are derived from the names of their chief or general designers. For example, the creators of the Mig were Mikoyan and Gurevich. In Western countries this is not done.

[Question] When you start worked on the I-22, what purpose was intended for this plane?

[Answer] The first concepts of building such a plane date back to the 1970's. The actual work on its creation was started in 1980, after the client specified the tactical and technical requirements. The plane is intended for advanced instruction and training of military pilots in the skills of flying and combat applications.

[Question] What class of jet planes does the I-22 belong to?

[Answer] The plane is classified as a training-fighter plane with a weight of 7 to 8 metric tons and transsonic speed.

[Question] Before this interview I heard criticism concerning the shape of this jet. Some say that at first glance it appears ... "clumsy".

[Answer] This is a matter of taste. Personally, I believe that the plane profile is quite trim and not inferior to any others. Anyway, planes are not built to be pretty. The design and its parameters result from optimization of concepts, not esthetic preferences, although practice often shows--and our plane confirms it--that a good design is also beautiful. Most important for a plane is to meet the tactical and technical requirements at the lowest production and operation costs. In terms of parameter ranges and flight properties and efficiency of execution of training and combat assignments, this plane is not inferior to modern planes of its class.

[Question] Until now we have never furnished jets with domestically produced electronic equipment on such a large scale. How was this problem solved?

[Answer] A large portion of electronic equipment is produced in Poland, including piloting and navigation instruments, radio stations, radio signal receivers and information and warning systems. This was made possible by enlisting to participate in the plane-building program institutes and enterprises in aviation and electronic industries and the personal commitment of many electronics specialists.

[Question] Does the I-22 have a chance to become an aviation "hit"?

[Answer] Our air force needs a plane of this class, with this plane's performance and economic characteristics. The aviation industry is concerned not only with production but with development of modern equipment. There are not many planes of this kind, and demand for them on world markets is great. This creates favorable conditions for this plane to become quite an asset.

[Question] It is 25 years since the first Polish jet was built, and the I-22 appeared two years ago. Is this the proper cycle?

[Answer] This long interruption in research and development had a disastrous effect on the development of Polish military aircraft. When we started work on the I-22 we practically had to rebuild and reorganize the design and development facilities to recreate the cadre of specialists and to establish a large number of industrial cooperation contacts. This involved difficulties and additional costs. A modern aviation industry requires continuity in creative work. Especially important is stabilization of manpower and uniformity of subject orientation. Nothing thwarts progress so much as a frequent change of direction. Advances are achieved with knowledge and experience of personnel and consistent implementation of the adopted line of development. If 25 years ago the design office of Tadeusz

Soltyk had not been dismantled, the I-22 would not have been just the second Polish jet and the first two-engine jet, but, instead of obsolete products we would have been producing and operating modern jet planes... I believe that learning from our mistakes, we will not make them again. Today we have long-term plans, reaching to the year 2000.

[Question] Speaking about plans, what are they about?

[Answer] The experience of the development of military machinery in the world indicates that the highest levels are achieved in technology by steady development and improvement of existing aircraft systems. An example of such evolution is the famous Mirage plane. Our development plans call for taking a similar road.

[Question] What are the feelings of a chief designer when his favorite work is completed?

[Answer] Satisfaction that the huge effort invested by myself and all those who worked on the plane was not wasted; satisfaction that those who entrusted this assignment to me were not disappointed; hope that that this is not the end of the accomplishments of the Polish aviation industry; fear that our work team will be unable to maintain the intensified pace of work (we are working 10 to 12 hours daily, because this is what is required by launching the production of the plane and, at the same time, conducting research and development on a new subject).

[Question] Can one say that you are a successful person?

[Answer] The building of the I-22 plane is a major accomplishment of the Polish aviation industry and, particularly, the Institute of Aviation and the Factory of Communications Equipment at Mielec. It is certainly also a success of the chief designer, his assistants and staff. I doubt, however, that many would be willing to share with me the price of this success.

[Question] Thank you for the interview.

[Box, p 30]

Alfred Baron, DSc (Eng)

Born in France. His parents emigrated from Poland in 1921. Returned with parents to Poland in 1946. Lived in Nowa Ruda, where graduated from high school. Higher education began in Kazan and received a diploma of aviation engineer while majoring in plane construction from Moscow Aviation Institute. In 1957, after graduation, was hired by WSK [Factory of Communications Equipment] at Mielec as a shift supervisor. Soon was transferred to the design bureau, where worked in succession as senior designer, head of aerodynamics department, leading designer and head of design department. Participated in the creation of many aircraft designs,

including the M-4, M-7, M-10 and M-12. Was a member of the group which prepared documentation and modification of Mig 17 plane (Lim-6) and the series of documentation for the Mi-2 helicopter. In 1965 became chief of the department of tests and investigations of high-pressure engines and fuel equipment, taking active part in improving the high-pressure engines under license from Leyland. In 1970 won a UN scholarship, completed a six-month internship at the French Petroleum Institute in Paris. In 1971-1979 was director of the Research and Development Center of Rail Vehicles in Poznan. Since 1979 has been assistant director for design and development at the Aviation Institute in Warsaw and simultaneously chief designer of trainer-fighter jet plane I-22. In 1977 completed a doctoral dissertation in aerodynamics.

9922

CSO: 2600/446

WEST BERLIN PAPER RAPS ROMANIAN HISTORY, MINORITY POLICIES

West Berlin DER TAGESSPIEGEL in German 20 Mar 87 p 3

[Article by Herbert Lucht: "A Battle Against the Hungarian Minority: Romania's History Is Bent Into Shape—Persecutions and a Mysterious Death"]

[Text] Vienna, March—Romania is out of control. Or rather, this is case with the aging, sick but nevertheless—or perhaps for that very reason—power-hungry party chief and head of state Nicolae Ceausescu, the "conducator" ("leader") of an economically dilapidated regime that owes its political survival only to violence and terror.

Not only did he impose military rule on the large industrial enterprises in Brasov, Cluj and Tirgu Mures in February for fear of strikes and sabotage, sending in occupying army units (the energy industry has been under military supervision since the beginning of 1985). Not only has the supply situation for the population escalated into a nationwide catastrophe. Now the dictator has picked a fight with Hungary. He has undertaken to crush the country's largest minority, 2.2 million long-established Hungarians living in the northeastern part of Transylvania. The cause of this is a three-volume historical work that only recently appeared on the market in Hungary, published by Minister of Culture and Education Kopeczi and the Budapest-based Academy of Sciences. Historians regard it as objective, unbiased and authentic.

Not so the "conducator" in Romania, who would like to formally deny the Hungarian settlement of Transylvania (in 895 and later), instead claiming that a state of Romanized Dacians had at that time already been established in the area between the Danube, Theiss and Prut. Ceausescu deduces from this specifically that Transylvania—which was in fact Hungarian territory until 1918—is a Dacio-Roman, Dacio-Romanian historical inheritance and that there can thus be no other national claims to it. The fact that present-day Romania can go back only as far as 1862 in looking for its own history as a state is simply ignored. Ceausescu was at any rate infuriated that the historical findings from Budapest concede a place for the Hungarian settlers and set things right about the fact that there was no longer a Dacia at that point. (Rome abandoned Dacia as a province in 275 and cleared out.)

So for the first time, Ceausescu sees the Romanians' home-made national history, their frantically construed origins of the ancient Dacians--far removed from the Romans, who functioned as an occupying force--damaged in a contemporary historical work, wherein the Hungarians have only set right the historical facts and have not supplied their own interpretations. They are, he froths at Budapest, "fascists" and racists, and he is taking unbridled revenge against the Hungarians in Romania. The first repressive steps have already been undertaken.

All existing evidence of the Hungarian settlement of Transylvania is being systematically destroyed. Excavations at Alba Iulia, for example, or Deva have disappeared under tons of poured concrete. Hungarian library holdings, especially at the University of Cluj, have been confiscated. Museums still available to the minority have been officially plundered. The exhibits are now being kept in Bucharest. The last schools in which Hungarian was spoken were closed overnight. Radio and television programs in the Hungarian language have been halted.

In Cluj, Hungarian businesses have been demolished at the behest of the Communist Party, and Hungarians have been beaten on the streets amidst the commanded cries of organized mobs ("Romanians, settle accounts with the Hungarians!"). Armed forces conscripts--and this applies to Hungarians as well as to Germans--are sent to "penal brigades" for no reason, where it is reported that they must in some cases sift broken glass out of the garbage with their bare hands. Mysterious deaths have also been noted. Author Istvan Suto, for example, was suddenly discovered "frozen to death" on a train trip (Tirgu Mures-Sintu Gheorghe) in January. An autopsy request was refused, and the priest was instructed to refrain from any "insinuations" at the burial.

The reaction in Budapest has thus far been restrained, so as to avoid being accused of interfering with solidarity with a "brother state." However, Gyula Horn, state secretary in the Ministry of Foreign Affairs, was rather clear when he said in a television interview: "We are never silent when the situation of the nationalities living outside our borders is subject to disturbances, when there are discernible concerns. There can never be fruitful, genuinely friendly relations between two socialist neighbors as long as there are these kinds of serious minority problems..."

One can scarcely assume that this will make an impression on Ceausescu.

12271

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LACK OF DISCIPLINE IN INTERNAL AFFAIRS MINISTRY CRITICIZED

Right to Print Criticism Affirmed

Sofia NARODEN STRAZH in Bulgarian 28 Jan 87 p 1

[Editorial: "Time and Style. About Criticism and those Criticized in the Newspaper"]

[Text] Here in this place, dear reader, there should have been other material. There should have been. But ... alas! As incredible as it seems, there were people who prevented the editorial staff from fulfilling one of its professional obligations. And since similar events have occurred more often lately, we allow ourselves to remind some employees and managers about certain facts and conditions and to turn our attention to some events which are now a serious cause for alarm.

What are we talking about?

There was a heavy snowfall and blizzard in Sofia on 19 January. As usual, the editors sent (around 11 o'clock) a reporter to get the story and pictures of the employees of KAT [Control of Automotive Transport] of the employees of KAT [Control of Automotive Transport] of the SGU [Sofia City Administration] of KPP [Control/traffic Post], Vladaya. In such situations we follow the events with a great deal of interest and attention. On the first page of the newspaper in the last few issues we have told about the bravery, gallantry, and self-abnegation of the militiamen from various parts of the Fatherland fighting the blizzard. This time as well, we wanted to tell about such an event in the daily life of the Sofia militiamen.

We were greatly surprised however, when the junior controller of KPP, Vladaya, refused to cooperate in the fulfillment of this task. The reporter introduced himself as usual and showed his identification card. But to no avail. When he asked the senior officer why he was refused cooperation, the militiamen answered that he has orders to refuse the press, including NARODEN STRAZH, to take pictures or write stories about them. "Who gave the orders?" asked the reporter. "The administrators" said the senior officer.

We tried to find out who these "administrators" are, but this almost remained a secret.

Today is 28 January and we still have not received such a reply. What's more, after the publication of the article in question, high level KAT officials started to call and demand explanation from the editorial staff about the published material. Some even threatened the newspaper. Amazing behavior, really. These people have not learned or adopted anything new, it seems. We would just like to remind them here of the decision of the Politburo of the BCP Central Committee of 3 August 1976 which states: "our society needs a truly daring and profound criticism, which reinforces in the Party's manner the positive and fights against the negative in life, clearing the way for a rapid social progress. The media for mass information must take an active role in the development of such criticism and they must have more rights to criticize and demand response and action to eradicate the weaknesses and shortcomings from those criticized."

After the 27th Congress of the CPSU and the 13th Congress of the BCP, our parties gave an exceptional significance to the media for mass information for the accomplishment of a historical breakthrough in our entire social, political, and economic life. The Soviet press as always and especially now gives us an example and serves as a model in this respect daily. In spite of this clear evidence, there are people here who still do not take it into consideration, who have not restructured, and who think and act in the old way thus impeding this process.

And so the noble ambition of the newspaper failed.

Now, as we are discussing the case, it is difficult to even imagine who this "administrator" from KAT is, who has dared to determine and change the rights of the newspaper NARODEN STRAZH on his own free will? Who is he that has placed himself above the leadership of the ministry whose organ is this newspaper and who has defined its rights and functions a long time ago? Who is this "administrator" who tries to revise the established party line and tradition of the press? It seems to us that this action tells us something very serious about the work, style, and methods of some people.

We are not going to go into discussions anymore. We believe that all our readers understand these problems well. We would like however, to point out certain facts which will throw light on the subject.

So ... an article "Honesty Must be Defended" was published in issue No. 46 of 12 November 1986 of NARODEN STRAZH where some weaknesses in the work of the technical check point of the KAT division of SGU were criticized. According to a regulation of the State Council regarding publications of criticism, the administration of SGU should have replied to the editor of the newspaper within 30 days.

The case which we discuss is not unimportant and isolated. It tells about a harmful style and methods of work. For this reason the editorial staff will expect the proper attitude from the SGU and other responsible authorities about the raised questions.

We take the opportunity to remind that no one has the right to place himself above or violate the formulations of the Politburo of the BCP Central Committee and the State Council on the subject of criticism in the press. No one, except the administration of the ministry, can change the functions of NARODEN STRAZH and deprive the workers of the opportunity to hear about their work, about their self-abnegating and heroic deeds. This is one of the fundamental responsibilities of NARODEN STRAZH.

Work On Improving Discipline Discussed

Sofia NARODEN STRAZH in Bulgarian 28 Jan 87 p 2

[Article by First Lieutenant Georgi Angelov: Discipline--a Starting Point]

[Text] Considering the complicated international situation as well as the nationwide political and labor enthusiasm to implement the party's decisions, we are concentrating efforts and resources on political education in the RU [Rayon Administration] of the MVR [Ministry of Internal Affairs], Elhovo, to increase the ideological readiness and revolutionary alertness of the personnel.

The tense daily routine requires that responsibilities be carried out in a conscientious, strict, and exact manner. This is why our solution to discipline problems is not disorganized, but planned and goal oriented. The tendency is to establish a policy of intolerance for negative events in the activities of each worker as well as the collective workforce. In this respect we must note that for several years now we have upheld the initiative: "Rayon Administration without Irregular Incidents and Gross Discipline Violations," by analyzing and adding to the regulations accepted by the management and the party committee. The additional measures noted in Comrade Todor Zhivkov's reports: "About the Style and Methods of Work" and "Considerations of Some Current Problems in our Development" are particularly important because they are applicable both currently and in the long term. Criticism by the DNM [People's Militia Directorate] given after an inspection of the entire system for protection of public order has also helped us recognize our mistakes and seek ways to correct them.

Finally, we take a firm stand that all members of the team are responsible for the level of discipline rather than only the administrative personnel. For this reason the conscientious fulfillment of responsibilities is established as a style of work. This is shown by the fact that for a number of years the rayon administration is a leader in the socialist competitions of the okrug. The number of ourstanding workers of MVR reaches 20 percent of the employees. In 1986 alone, 41 [number illegible] individuals received a note of appreciation for demonstrated sense of responsibility.

Our success can be measured by the increased alertness and activism of the personnel. We have good results in the protection of public order and in the fight against white collar and common crime. We defend with honor the title given to us: "rayon administration with Exemplary Passport Control Program."

The team is proud of Captain Hristo Stoyanov, winner of the badge: "For bravery and valor" and the outstanding soldiers of the Border Troops, First Lieutenant Boris Yanev and Sergeant Major Atanas Kostadinov, who have demonstrated a strong will and bravery in fulfilling their duty.

The high evaluations of the operational work of Captain Nedko Dimitrov, First Lieutenant Iliya Iliev, and the Sergeant Majors Georgi Georgiev, Demir Zlatev, Iliya Madzharov, and others speak of nothing else but conscientious discipline.

But unfortunately the requirement for strict established order and organization is still not fully implemented everywhere. Its political nature is undervalued by a small number of the employees, mainly among the young.

Some operations workers still fall behind the planned schedule. Errors are made in protection of public order and traffic control. The stringency of the instructions as well as inspections of patrolmen on duty is not up to par since the political element is absent during their implementation. Work efficiency is inadequate at times. We do not give sufficient consideration to worthwhile recreation for the people. We know only superficially about the private lives of the employees, shown recently by several family conflicts. All this required us to take additional measures, as 20 individuals received penalties. The Sergeants' Council was activated, as well as the Sergeants' Court of Honor.

The advancing tendency toward increased stringency is complemented by increased political education work. In the last few years mainly young people were admitted to our organization and the renewal is continuing. This is why our efforts are centered on education by assigning tutors, but I must emphasize immediately that it is not only the newly hired that are subject to consideration. After evaluating some who have worked for many years, we assigned tutors to them mainly because of weaknesses in their work and tendency for violations of discipline. The process of evaluation itself was a significant factor in strengthening discipline.

In conclusion we must emphasize that the socio-psychological atmosphere in the organization is good. Together with increased responsibility there is an increase in comradeship and mutual help and on this basis the mobilized and united personnel will be fulfilling its responsibilities more and more successfully.

Rayon Administration Replies to Criticism

Sofia NARODEN STRAZH in Bulgarian 28 Jan 87 p 3

[Article by Lt Colonel Simeon Petrov, head of Lenin Rayon Administration of MVR, Sofia and Major Vasil Kalugerov, Secretary of UPK: With Alarm and Concern]

[Text] The workers of the People's Militia at the Lenin Rayon Administration of the MVR reviewed and discussed the material published in issue No. 47 of the newspaper NARODEN STRAZH: "About Small Omissions which Breed Big Problems." The criticism and conclusions of the participants in the meeting and the opinions and suggestions by colleagues and specialists from subdivisions in the country were a reason for lively commentaries and discussions.

The entire organization realized with alarm and concern that in spite of that achieved by solving a great number of crimes, including some with an increased danger for society, some weaknesses and errors are still committed or repeated. To eradicate them in practice it is necessary to work continuously on all levels. The questions raised are particularly pertinent to our rayon administration for the establishment of an effective work organization from receiving the first call to the discovery and investigation of the criminal act under the conditions of the big city. Cases still exist of superficial inspections and work at the scene of the incident done for appearances only by the individuals in charge. This requires repetition of the same procedures over and over during which time is wasted and important clues are lost. The main reason is breaking the cycle between the investigation teams and the examining magistrate and those in charge of search operations. Even though we assign teams for work on some of the more serious crimes and try to improve the multilevel method by using all available personnel and resources, in the cases cited this was underrated.

The unsolved problems of teamwork in the People's Militia especially during criminal investigations are looked upon subjectively by the administrative and executive staff. As the properly raised question in the discussion on the pages of NARODEN STRAZH points out, in our practice we also see a certain conflict of interests of the various departments. This is due to the lack of standard criteria for evaluation of work. We are slaves to some antiquated ways of evaluating the contribution of each of the criminal investigation teams and individuals. As a result of this more attention is paid to small and insignificant things which do not require any great efforts. We are trying to introduce a new method by which the work of everyone is evaluated individually rather than as a percentage of the whole. The newly developed system has started to show results and is welcomed by the conscientious, disciplined and diligent workers while those in the rayon administration who used to hide behind the overall results are getting more and more uncomfortable.

The majority of the staff of the rayon administration is young and without the necessary practical experience and work habits. An important place in our future activities will be occupied by education, assistance, control, and stringency in the fulfillment of work tasks.

The workers of the rayon administration are grateful to the editors of NARODEN STRAZH because by using specific cases from our practice, some exceptionally important problems related to responsibility and teamwork in the fight against crime were brought up for general discussion.

We also wish to inform the editorial staff that after the publication of the article, the crime perpetrators were found and detained and the trial against them was renewed.

The controversy will end but the problems will remain. We will face them repeatedly. The majority are not new but subjecting them to general discussion in the future will also help their timely eradication in the search of more effective structure and methods of work.

13211/12951
CSO: 2200/52

FRG PAPER REPORTS ON REACTION TO SOVIET REFORMS

Berlin DER TAGESSPIEGEL in German 20 Jan 87 p 3

[Article by Alex Wechsath: "Envious of the Big Brother"]

[Text] Prague, January. According to a political joke circulating in East Europe, optimists are learning Chinese, and pessimists, Russian. But in the CSSR, the reverse is true now. Many Czechoslovaks are enviously looking toward the Soviet Union, the "big brother," hoping that the reforms budding there under the direction of party leader Gorbachev will strike root in their own country as well.

In this situation, they are being helped by something they had previously rejected as Moscow's hegemony—Soviet television. In the form of cable TV, it reaches the country's households and provides information about those changes in Soviet political and economic conditions that the CSSR's media still tend to pass over in silence. It is not only Western radio broadcasts on "Gorbachevism," but also the occasional nonavailability in Prague of Moscow's party organ PRAVDA and the government organ IZVESTIYA that have aroused people's suspicion. It goes without saying that rumors to the effect that the Soviet papers had made public "the bank accounts of prominent CSSR politicians" were unfounded. Nevertheless, it was on the very days when they failed to get through to Prague "on account of fog at the airports" that official Soviet papers published statements such as "Be masters in your own house."

Aside from "prescribed phraseology," the CSSR media are not subjected to any regular precensorship. While the "self-censorship" practiced is at times even more stringent, it leaves room for indirect reform-oriented protest such as has been raised in TVORBA, a weekly concerned with cultural policy.

TVORBA recently published the following passages from the Soviet journal LITERATURNAYA GAZETA: "The demand for truth is immense," even though it is "insignificant to those who always write in conformity with the latest decisions (of the politicians)." And "old answers to old questions are no longer sufficient—we need new answers." CSSR citizens wanting to know when Gorbachev's reforms will be reaching their own country tell themselves: "Once they are successful in the Soviet Union." This is how cautious people are in the CSSR, for at one time they had fully supported the course pursued by

Brezhnev and therefore had forfeited--after Gorbachev's rise--their most-favored-nation status with the Kremlin.

Much of what Gorbachev is trying to do now reminds Czechoslovaks of their "Prague Spring" of 1968 which was forcibly terminated by Warsaw Pact troops: Prague had broken with the foreign trade state monopoly and had allowed enterprises to maintain export branches of their own. Following the model established at that time in the CSSR--and subsequently in Hungary--Moscow wants to grant the enterprises greater autonomy and thus is pursuing a course that in 1968 the Soviet White Book on the CSSR had denounced as being "antisocialist."

In fact, things are beginning to stir in the CSSR's economic sector, the conservative ideology notwithstanding. In December, at the latest Central Committee session, Ladislav Adamec, vice premier of the Czech State Government, made a pertinent observation suggestive of the legendary folk hero Schwejk: Since the Soviet Union had always been a model, "why not now?"

8760

CSO: 2300/167

STROUGAL'S PROGRAM SEEN AS TURNING POINT

Frankfurt FRANKFURTER ALLGEMEINE in German 6 Feb 87 p 12

[Article by Viktor Meier: "End Stagnation"]

[Text] Prague, February. Future historians of communist development may possibly conclude that in Czechoslovakia the economic "reconstruction" program, which was published on 9 January and which for the most part was produced in Premier Strougal's "kitchen", marked the end of the long post-1968 period of stagnation. At least there is a promising program again, a program which—in contrast to the last party congress—not only loudly proclaims ambitious goals, but also points out ways of attaining them. It is quite evident that this document—which Strougal further elucidated in an address he delivered to leading party and state officials on 26 January—should be taken seriously, if only because of the fact that it did not meet with approval on the part of the conservatives in the party leadership and that the leadership had to hold back this reform proposal until the Moscow model cleared the way.

For a long time, less conservative elements in the leadership—pointing to the economic stagnation in Czechoslovakia—had been pressing for changes. This pointer would be no less acute should Secretary General Gorbachev be forced to resign some day; in that case, however, those elements in Prague who are strongly opposed to innovation would probably gain in influence again. Czechoslovakia, the Central European country with an industrial production apparatus known for pioneering work in the pre-war period, was in need of economic reform as far back as 25 years ago. In the early 1950's, the changeover to the Soviet system disconnected the country from developments in the West, made it fall back on uneconomic investments, and transformed it into a permanent supplier of spare parts for the other socialist countries. The complaint of Czechoslovak functionaries now is that the West at that time "boycotted" their country. This is not true. At that time, the Czechoslovak Communists were enthusiastic about the reorientation toward the Soviet Union; they also gave up most of the traditional trademarks and brands known in the West. Now they are beginning to regret this. It is indeed strange that Czechoslovakia, a developed industrialized country, has to market its products in the West under foreign rather than its own trademarks.

Czechoslovakia is presently confronted with a dual challenge: While the Soviet Union wants increased cooperation and improved products, Prague on its

part has realized that without intensification of economic relations with the West the country's technological lag cannot be overcome. The question of whether Czechoslovakia is capable of meeting both of these challenges at the same time is answered in the affirmative in Prague. In spite of the relative stagnation, the situation of the country is said to be not so bad. It is claimed that the people's basic needs are being met, that the country is practically free from debt and that it now can spend on Western imports the funds formerly used for debt liquidation and can even raise new loans. Now as before, however, the Czechoslovaks reportedly want commodity rather than financial credits so that accession to the World Monetary Fund need not be considered; and while these sources concede that the Eastern Bloc accounts for approximately 80 percent of Czechoslovakia's foreign trade, they point out that this figure should be relativized, since on average CEMA prices exceed world market prices by 10 percent, and that in absolute terms the 20-percent share the trade with non-Communist countries accounts for is quite impressive: The total annual volume of trade with the Federal Republic, for example, amounts to approximately 5 billion marks.

Prague's Ministry of Foreign Trade has always been the most prominent among the Czechoslovak institutions advocating and practicing realism and friendly relations with the Western neighbors. The planned reform comprises demands that will be of great significance in regard to trade with the West. First of all, production enterprises are supposed to gradually take direct control of their foreign trade. This will be a protracted process, but a start has already been made at the Plzen Skoda Works. The nonuniform exchange rate system is to be standardized. More importantly, domestic prices are to be brought into line with the world market level. To be sure, the approach here will not be as radical as that once taken—at least in theory—in Hungary, where the government practically imposed world market prices on the enterprises and expected them to fix their costs accordingly. The CSSR reform makes allowance for the fact that the country's labor productivity cannot match that of the West and it wants to spare the enterprises kill-or-cure remedies. This appears to be realistic, because for one thing executives suitable for a tough management style are not readily available, and secondly, overly harsh intervention could give rise to unrest in the egalitarianism-oriented population and this in turn would aid the dogmatists. Reportedly, replacement of incompetent managers has already started.

The CSSR reform will be slow in getting under way and it will not fully take effect until the next five-year plan period (1990). A cautious start has been made in regard to elimination of the retail price subsidies; for the time being, the new price system is to apply only to wholesale prices, i.e. prices obtaining in inter-enterprise transactions. To facilitate the adjustment process, the government will accept an annual inflation rate of between 1 and 2 percent. The enterprises will be granted extensive autonomy in regard to investment projects of their own, and the state will appropriate the means for urgently needed technological innovations. Reportedly, within the framework of international division of labor, Czechoslovakia wants to intensify specialization, for its overly large product assortment impedes profitability. In CEMA, too, the government will press for innovation, above all in regard to

the multilateral payments system. It now has also begun to support direct inter-enterprise cooperation; Prague points out, however, that this demand of Gorbachev's will raise difficulties as well.

In terms of subject matter, the reform project about to be translated into laws and decrees is an economic reform; in essence, however, it is political. The proponents of innovation realize that a more efficient economy based on new principles presupposes a change of the country's overall atmosphere. New managers want not only greater autonomy, but also better pay, and the work collectives, which are supposed to do more and better work, must be given appropriate incentives. This means to bid farewell to the present egalitarian wage system. It has been pointed out, however, that in the beginning the material incentives "unfortunately" have to be somewhat restricted until the requisite money is earned. Under such conditions, however, the state will have to give the people and, not least, the technological and intellectual elite more nonmaterial incentives, i.e. greater liberties. Events in this area will show to what extent Czechoslovakia is serious about its reform project.

8760

CSO: 2300/167

CZECH EMIGRE EXAMINES RESTRUCTURING

Paris LE MONDE in French 19 Feb 87 p 8

[Commentary by Pavel Tigrid: "Czechoslovakia: Perplexity and Internal Frictions"]

[Text] The Czechoslovak Communist Party is not exactly famous for its originality. It is no accident that, at the end of the last war, it adopted the slogan "With the Soviet Union for eternity," which can be seen even today in all the towns and on all the roads in the country--and to which folk humor adds: "OK, but not a minute longer!" We have noted the reaction to the Soviet call for "restructuring," now being pushed by Mr Gorbachev, from a party leadership which, 19 years ago, asked for military intervention by 5 "fraternal" states in order to bury a reform program that, in many ways, resembled what is today the Soviet's official line.

This reaction is, very briefly, ambiguous and perplexed. It is true that, after several tries at amputating the most radical passages of Gorbachev's speeches, the main organ of the Czech Communist Party printed the whole of the Soviet chief's talk on changes in organizational policy. But this move was doubtless due to the unfortunate reverberations from the cuts previously made by the censorship. Not only were they mentioned in the western media, but also--an event hard to believe--the Czechs could be seen storming the newstands looking for Moscow's PRAVDA. Worse luck, the issue in demand could not be found. The parallel economy then came into play and, for the first time in a very long while, a Soviet journal found itself selling on the black market.

The daily RUDE PRAVO devoted a brief editorial to Gorbachev's speech, but the essence was omitted. Not a word was to be found on the proposal to introduce the secret ballot and to do away with single-candidate elections within the party organs, or on the broadening of the courts' powers and the strengthening of control over the police. The official organ of the Czech communists summed all this up in one brief sentence: "The Central Committee of the Communist Party of the Soviet Union has called for a struggle against formalism in political life, inclusive of the electoral system and other areas." And to head off any panic among the Czech comrades, it was emphasized that the openness process was being "controlled from the top down," and that it was thus not a case of spontaneous movement or,

above all, of a response to "pressure from below," but rather an experiment monitored and directed by the Party.

More interesting was the statement made by Lubomir Strougal, prime minister and member of the [CPCZ] Presidium [Politburo] this past 27 January, at a working session of the Central Committee. Strougal, too, spoke of a "restructuring," particularly for the "economic mechanism," but in a spirit clearly closer to Gorbachev's speech. He thus declared at the outset, without the usual circumlocutions, that the development of the Czechoslovak economy "corresponds neither to our expectations nor to our real potential." The little progress that is achieved is "too slow." Over 15 years, the growth rate of the gross national product has fallen from 31.5 percent to 9.3 percent. The output attributable to industrial investment (which has remained constant) has fallen by 25 percent since 1975. Labor productivity is also showing a falling trend, with growth of only 7.4 percent as compared to 27 percent in 1975.

On the causes of this stagnation, the Czechoslovak prime minister became the echo of the Soviet first secretary: too slow a modernization of firms, poor investment policy, waste of raw materials, finished products of poor quality, insufficient supplies on the domestic market, foreign-trade stagnation (20 percent of the products intended for export are rejected for "not conforming to quality standards"). The state plan goal for 1986 "could not be achieved." In short, the economic mechanism as a whole is today seen to display "low performance."

To restore the situation, Strougal proposed (and the Party approved) a "restructuring" rather than a reform of this stalled machinery. This will be the third such attempt in the space of 30 years, but hitherto "we have never gotten past the attempt stage." One would ask why.

Strougal's answer is food for thought. The economic restructuring begun in the latter half of the sixties (that is, the scheme worked out by the reform-communist team and put in practice under cover of the "Prague Spring") included, he declared, "a number of positive elements which it would be well to exploit in order to take practical advantage of them." Furthermore, this "experiment" was "the symptom of an objective need for progressive reorientation of our national economy toward intensive development."

The speaker was careful to cover himself with the obligatory ideological cliché, which would have it that this good principle was "diverted and exploited for political ends" in 1968. Nevertheless, the opinion expressed here is still far from the orthodox thesis about the reform attempted by Dubcek and his friends, which has hitherto been interpreted as an attempt, in the pay of world imperialism, to restore a capitalist regime. Today, if we are to believe Strougal, the Czechoslovak economy "has no choice." It is truly necessary to go the "intensive-development" route, for "people are unhappy with the low living standards."

One swallow does not make a spring, and Strougal himself acknowledges that "restructuring" will not only run into obstacles, but will also provoke "conflicts." Certain frictions appeared during the meeting itself, moreover, in the speech given by an ultraconservative politburo member, Milos Jakes, who forcefully recalled "one lesson of experience." Always and everywhere "the Party must keep the upper hand in the restructuring process; we can advance rapidly, with certainty, and without danger only on the initiative and under the direction of the Party."

At the beginning of February, Mr Vasil Bilak, secretary of the Central Committee of the Czechoslovak Communist Party, in an article published on the front page of RUDE PRAVO, was even more explicit, recalling that the Prague spring aimed at "destroying the foundations of socialism, leading the country backward, weakening the entire socialist community...."

13070/9835
CSO: 2900/11

PARTY RETURN TO MARXIST-LENINIST SOURCE CLAIMED

Warsaw ZYCIE PARTII in Polish No 3, 2 Feb 87 pp 3-5

[Article by Col. Dr. Hab. Jerzy Kunikowski, deputy chief, Chair of Social-Political Studies, Polish Army: "A Return to the Sources" surtitled "Marxism-Leninism as the Party's Ideological Roadsign"]

[Excerpts] The Program of the Polish United Workers' Party voted by the 10th PZPR Congress points to Marxism-Leninism as the particular ideological source of party, socioeconomic, and indoctrination work. It is construed as a living and continually enriched ideology and methodology whose universal premises are being translated into reality.

Hence, Marxism is a theory which enables man to cognize and properly perceive the changing reality, apprehend the problems awaiting him, and find effective ways of considering them.

In the PZPR Program we read, "Marxism-Leninism is a science which makes it possible to understand the patterns of historical development and reflects the interests of the working class and the convergent interests of laboring people as a whole. The party propagates Marxist-Leninist ideology with the object of having the values of that ideology become the motivation and the goal of action of the broad masses."

The resolutions of the 10th PZPR Congress stress that basing action on the principles of Marxism-Leninism is a fundamental prerequisite for the party's exercise of its role as the servant of the working class, the guide of the society, and the leader in the state.

But the practical application of the principles of Marxism-Leninism requires first getting to know it well. The basic assumptions of socialist ideology and practice have to be understood, because "the strengthening of the Marxist-Leninist nature of our party requires of every member that he be familiar with the basic assumptions of our ideology, distinguish himself by his class-biased understanding of contemporary processes and political, social, and economic problems, and be ideologically motivated in his actions."

Such motivation is provided precisely by Marxism-Leninism, because it reveals to theoreticians the philosophical and methodological foundations for the

development of society, while providing practitioners with foundations of theory for a proper analysis of all the occurrences and processes taking place nationally and in the world. It thus provides a foundation for analyzing complex sociopolitical and economic aspects of the present, as well as many disturbing processes of the arms race.

First, ["a return to the sources" means] the presence of Marxism-Leninism in Polish science, culture, and revolutionary practice. For it is a fact that there exists a lasting tradition of Marxism-Leninism in Polish philosophical, socialist, and cultural thought. It has greatly influenced the worker movement in Poland, in which it has a rich tradition. And hence, the contemporary status of Marxism and its influence on the reality represent a kind of return to national and internationalist sources and at the same time significantly affirm their tremendous topicality and social value. Even now we are drawing upon the ideological legacy of the [Marxist-Leninist] classics in our fidelity to the interests of the laboring people, courage in facing socialist transformations of the reality, and patriotism and proletarian internationalism in whose annals the common struggle of Polish and Russian revolutionaries is inscribed on a page of gold.

1386

CSO:2600/411

PARTY ACTIVITIES CALENDAR 21 JANUARY 1987-1 FEBRUARY

Warsaw ZYCIE PARTII in Polish No 3, 2 Feb 87 p 21

[Unattributed articles: "Party Chronicle, 21 January--1 February 1987"]

[Text] Sessions of the Politburo:

20 Jan

The Politburo:

-- examined an evaluation of the activities of party members within the PRON [Patriotic Movement for National Rebirth], in particular during the campaign prior to its Second Congress;

-- discussed the situation in Polish sports and the intentions for their development in relation to the need to improve the status of physical education in the coming years;

-- listened to a report on the visit of Wojciech Jaruzelski to Italy;

-- considered a report on the visit of the Prime Minister of Japan Y. Nakasone to Warsaw.

27 Jan

-- The Politburo held a session attended by first voivodship party committee secretaries, directors of Central Committee departments, and Government representatives, during which it evaluated the preparations for applying the second stage of the economic reform.

The performance of production was discussed, as was the performance of the economy and communal services during the period of intense frosts and copious snowfalls. Suitable conclusions were inferred.

Third Plenum of the CKKR [Central Party Control and Audit Commission]:

22 Jan

-- The PZPR Central Control and Audit Commission held a session on the tasks of control and audit commissions ensuing from the party's reports-elections campaign. Its deliberations were chaired by Politburo Member and CKKR Chairman Włodzimierz Mokrzyński.

Conferences and Meetings:

21 Jan

-- First Central Committee Secretary Wojciech Jaruzelski received the newly appointed PRL [People's Republic of Poland] Ambassador to Algeria Edward Poradko.

— Managerial personnel of the press agencies of the socialist countries, during their visit to Poland to attend celebrations of the 20th anniversary of the Interpress Press Agency, met with the Politburo members Central Committee Secretary Jan Glowczyk and Minister of Foreign Affairs Marian Orzechowski. The meeting was attended by the Director and Editor-in-Chief of Interpress Jan Grzelak.

22 Jan

-- The Commission for Science and Education under the Central Committee discussed the conditions for a more efficient functioning of institutions of higher education and schools as well as for a more effective educational work. Its deliberations were chaired by Politburo Member and Central Committee Secretary Tadeusz Porebski.

-- A conference of the economic secretaries of voivodship party committees was held to discuss the performance of the economy during the severe winter and the new economic and financial solutions for the activities of enterprises. The conference was chaired by Politburo Member and Central Committee Secretary Marian Wozniak.

24 Jan

-- First PZPR Central Committee Secretary Wojciech Jaruzelski received the CPSU Central Committee secretaries Aleksandr Yakovlev, Anatoliy Dobrynin, and Vadim Medvedev in connection with coordinating the program for developing ideological cooperation between the PZPR and the CPSU for the period until 1990.

The meeting was attended by Politburo Member and Central Committee Secretary Jan Glowczyk and the ambassadors of the PRL to Moscow, Włodzimierz Natorf, and of the USSR to Warsaw, Vladimir Brovnikov.

26 Jan

Under the chairmanship of First Central Committee Secretary Wojciech Jaruzelski was held a conference of first voivodship party committee

secretaries to discuss the current sociopolitical situation of the country and the ensuing tasks of party work. It was attended by Central Committee secretaries and department directors.

29 Jan

— First Central Committee Secretary and Chairman of the Council of State Wojciech Jaruzelski received the Editor-in-Chief of the Portuguese newspaper O DIARIO Miguel Urbano and granted him an interview. First Central Committee Secretary outlined the current situation in Poland and the activities of the PZPR ensuing from the resolutions of the 10th PZPR Congress.

— At the PZPR CKKR was held a talk with the Chairman of the "Peasant Self-Help" Central Union of Cooperatives Jan Kaminski and First Secretary of the PZPR Committee at "Peasant Self-Help" Lech Szumowicz. The meeting, attended by CKKR vice chairmen and IRCh [Worker-Peasant Inspection Teams] public inspectors, was chaired by Politburo Member and CKKR Chairman Wlodzimierz Mokrzyszczak. The talk concerned the chairman's activities in promoting the implementation of economic tasks by the "Peasant Self-Help" cooperatives.

-- On the eve of the Third National Congress of Consumers' Federation, Politburo Member and Central Committee Secretary Marian Wozniak received the heads of that organization.

26-28 Jan

-- A conference of first secretaries of university party committees and directors of science and education departments under voivodship party committees was held. The main directions of party work in higher schools in the light of the resolutions of the 10th PZPR Congress were discussed, as were the tasks of basic party organizations at institutions of higher learning on the eve of the Fourth Central Committee Plenum. The conference was chaired by Director of the Science, Education, and Scientific-Technical Progress Department under the Central Committee Boguslaw Kedzia.

At Party Echelons and Organizations:

19 Jan

-- In Wroclaw was held a popular-scientific session commemorating the 45th anniversary of establishment of the PPR [old Polish Workers' Party]. It was attended by deserving worker-movement activists and the party aktiv from the Lower Silesian voivodships of Jelenia Gora, Legnica, Walbrzych, and Wroclaw.

A group of deserving worker-movement activists of the region was honored with government decorations and Ludwik Warynski medals.

The session was attended by Politburo Member and Minister of Foreign Affairs Marian Orzechowski.

22-23 Jan

-- In Warsaw was held a conference of central-committee secretaries for international and ideological affairs at the communist and worker parties of the socialist countries. On behalf of the PZPR the conference was attended by Politburo Member and Central Committee Secretary Jan Glowczyk and the Central Committee secretaries Henryk Bednarski and Andrzej Wasilewski. The conference participants were received by First Central Committee Secretary Wojciech Jaruzelski.

23 Jan

-- The Gorzow Wielkopolski Voivodship PZPR Committee evaluated the economic performance of the voivodship in 1986 and discussed tasks for the present year. Organizationally, the plenum performed changes in the membership of the voivodship committee's secretariat. Edward Korban became the new voivodship committee secretary.

-- The Koszalin Voivodship PZPR Committee discussed tasks for the voivodship as ensuing from the resolution of the Third PZPR Plenum.

24 Jan

-- The Biala Podlaska Voivodship PZPR Committee discussed the voivodship's socioeconomic tasks for 1987 in the light of the resolution of the Third PZPR Plenum. The committee recalled Czeslaw Staszczak from the post of first voivodship party committee secretary owing to his transfer to a position with the central state administration.

Jozef Oleksy was elected the new first voivodship committee secretary. The deliberations were attended by Politburo Member and Central Committee Secretary Tadeusz Porebski.

-- The Poznan Voivodship PZPR Committee discussed tasks of the voivodship party organization. Its deliberations were attended by Candidate Member of the Politburo Gabriela Rembisz.

-- The Skierniewice Voivodship PZPR Committee considered the tasks of the voivodship party organization in applying the second stage of the economic reform. The plenary session was attended by Politburo Member and Central Committee Secretary Marian Wozniak.

-- A 2-day seminar for university party committee secretaries and the aktiv of the youth organizations operating within Warsaw's institutions of higher education, organized by the Warsaw Voivodship PZPR Committee, came to an end. Politburo Member and Central Committee Secretary Tadeusz Porebski and Candidate Member of the Politburo and First Secretary of the Warsaw Voivodship PZPR Committee Janusz Kubasiewicz met with the seminar participants.

30 Jan

-- The Warsaw Voivodship PZPR Committee discussed, at a joint session with the Warsaw Voivodship ZSL [United Peasant Party] Committee, the tasks of local party echelons and organizations in implementing agricultural policies during 1987-1990 in the Voivodship of the Nation's Capital. The deliberations were chaired jointly by Candidate Member of the Politburo and First Secretary of the Warsaw Voivodship PZPR Committee and Chairman of the Warsaw Voivodship ZSL Supreme Committee Wlodzimierz Krajewski.

-- The Tarnobrzeg Voivodship PZPR Committee discussed the draft of the 1986-1990 voivodship socioeconomic plan and the plan for the current years, as well as tasks ensuing from the resolution of the Third PZPR Plenum. Present was the Director of the Intraparty Administration Department under the Central Committee Alojzy Zielinski.

Interparty Cooperation:

30 Jan

-- A delegation of the PZPR Academy of Social Sciences ended a visit of several days to Bucharest. Forms of scientific cooperation with the Romanian Academy of Social Sciences and the Institute of Party History under the Central Committee of the Romanian CP were discussed. The Polish delegation, headed by the Academy's Rector Professor Jarema Maciszewski, was received by Candidate Member of the Romanian CP and Secretary of the Central Committee of the Romanian CP Ion Stoian.

1 Feb

-- Politburo Member and Central Committee Secretary Jozef Czyrek ended his visit to France. During the 5 days of his sojourn in Paris he held a series of talks with French politicians, members of the parliament, and party activists. Jozef Czyrek also held talks with the leadership of the French CP. Cooperation between both parties in bilateral relations and within the framework of the international worker movement was evaluated.

1386

CSO:2600/411

CRITICAL PZPR VOIVODSHIP PLENUM IN ZAMOSC

Warsaw TRYBUNA LUDU in Polish 1 Dec 86 p 9

[Article by Andrzej Kalinowski: "Plenary Deliberations of Voivodship PZPR Committees"]

[Excerpt] ZAMOSC. The nationwide publicity about the irregularities in Tyszowce, which were reported by, among others, TRYBUNA LUDOWA, was due to the failure to resolve the problem on the spot. This bitter statement was uttered at the plenary session of 29 November 1986 of the Zamosc Voivodship PZPR Committee and the Zamosc Voivodship PZPR Control and Audit Commission (KKR).

Thus there is nothing surprising in that the nature of the response to the complaints, letters, signals from the population became the principal topic on the agenda. The report presented by the Chairman of the Voivodship KKR Stanislaw Szafranek was highly detailed, naming names and specifying the causes, and establishing that the issues raised in the letters from the population have not been conclusively resolved. And yet, it was reminded, it is only by listening to the voices and opinions of the working people that the party can deepen its bonds with the society.

The principal cause of the complaints is rooted in the underdeveloped and poor organization of labor, according to Stanislaw Czurylo, first secretary of the city and gains party committee in Tomaszow. "This is happening because party organizations and echelons are weak and are not implementing their statutory obligations, especially those ensuing from the principles of cadres policy. Discussions during the pre-Congress campaign pointed to numerous negative occurrences and irregularities. Their elimination at present is a most important duty of party organizations and echelons."

The participants in the plenary session pointed to the causes of the rise of complaints by giving examples (naming names of individuals and institutions). Among other things, they mentioned poor internal control, failure to infer conclusions from activities so far, and failure to promote persons desirous of improving the situation in their communities. Krystyna Lewandowska of Hrubieszow thought failure to adhere to KPA [Code of Administrative Proceedings] regulations and the duties of a government official to be a source of the complaints. Other discussants drew attention to toleration of phenomena of social pathology such as drunkenness, nepotism, etc.

During the deliberations specific measures to counteract situations breeding social discontent and promote a more efficient implementation of the resolution of the Ninth Central Committee Plenum were outlined. A means of accomplishing this is strengthening the role of the party echelon and party organization in every community, willingness to confront the solution of difficult matters, and also greater activism of every individual party member.

The deliberations, chaired by Marian Wysocki, first secretary of the voivodship party committee, were attended by the directors of the following Central Committee departments: Political-Organizational (Stanislaw Gabrielski), Bureau of Letters and Inspections (Marian Kot), and CKKB [Central Party Control and Audit Commission] Bureau (Leszek Grzybowski).

1386

CSO:2600/414

YOUTH FORUM DISCUSSES 'PLURALISM' CONCEPT

Lack of Discussion on Volatile Topic Noted

Warsaw ZYCIE WARSZAWY in Polish 23 Dec 86 pp 1, 2

[Text] The topic seemed striking: "What is Polish socialist pluralism; what can it become?" The discussions were opened by Prof Stanislaw Ehrlich and Prof Andrzej Stelmachowski, both enjoying well-deserved fame as authorities in their field. Nevertheless, the discussions at the young generation forum have been dull—I am referring to the young participants. Are they not ripe for pluralism? Have they not been brought up in the spirit of pluralism?

The opening of the discussions was very interesting. The bard's words were paraphrased by Professor Ehrlich: "They marched shouting 'pluralism, pluralism.'" He warned however: "Here, no shouting is necessary. What one must do is think." He spoke of pluralism's diverse visages: in science, culture, economy. He posed the question: "Are we to quarrel about reality or about what future should be?" Professor Stelmachowski listed five: ideological, political, social, cultural and economic fields, regarding which pluralism may be discussed. There was a lot of differentiation in the first one because pluralism concerned the world view as well as religion. In the second, there was dualism: while there was no pluralism in principle, there was formal pluralism because there were various political parties. He further said that social pluralism was the subject bringing most dissension about. He said: "Here, religion is most open to discussion." Referring to cultural and economic pluralism, he stated that there was excessive uniformity there since the economy was the subject standing most in need of the pluralism of grass roots initiatives. During the discussions Prof Wladyslaw Markiewicz reminded that for a long time, pluralism in socialism had been considered harmful, negative or even suspect, and then stated that in the social interest—pluralism must remain within determined limits. Following him, Prof Janusz Reykowski said that pluralism was in close connection with the perception of freedom and, as the sense of freedom was strong in Poland, pluralism should have many partisans in this country. He added: "I am surprised by the absence of animated, heated discussions here."

In point of fact, the discussions were neither animated nor hot or controversial. It is just possible that discussions on difficult, fundamental topics are not favored by the holiday season.

Social Preparedness, Negative Aspects Seen

Warsaw RZECZPOSPOLITA in Polish 23 Dec 86 p 5

[Text] What is Polish socialist pluralism; what can it become? Organized by the All Polish Council of PRON, and held in Warsaw on 22 December, the discussions at the 21st young generation forum centered on these questions, cardinal for the future of our country. As per usual, the forum was presided over by Jerzy Jaskiernia, secretary of the All Polish PRON council. Discussions were opened by Prof Stanislaw Ehrlich (author of the well-known publication titled "The visages of Pluralism"), one of the guest-participants. Said he: "Very many groups in our society overwhelmingly declare themselves in favor of pluralism. However, there is meager knowledge of pluralism as a means of resolving social problems. This can be seen from the alternative reasoning: pluralism or uniformity. As shown by our experience, these two methods, just like centralization and decentralization, are interpenetrating within the best socio-political systems."

Prof Andrzej Stelmachowski tried to specify the theoretical and practical state of the concept of pluralism in our country. He pointed out that this idea should be separately discussed regarding ideological, political, social, cultural and economic matters.

Jaroslaw Stefaniak, ZSMP member said that pluralism should not bring an unhealthy, destructive rivalry about. "From my own experience, I know that when, e.g. two youth organizations start contending, this is most frequently leading to harm, and causes no progress whatsoever."

The same aspect of the problem was pointed to by Jacek Mlynarski, a young Catholic activist. Said he: "One must prepare oneself for pluralism in order to avoid once again losing the chances of making use of its creative elements. Pluralism may not fall victim to degeneration."

Side-by-side with youth representatives, the guests: Prof Wladyslaw Markiewicz, deputy chairman of PAN, Prof Janusz Reykowski, member of PRON executive committee, and Prof Jerzy Wiatr took part in the discussions which have gone on for many hours at the All Polish PRON Council.

5174/12859

CSO: 2600/333

SOCIAL SCIENCES ACCUSED OF IGNORING IDEOLOGY

Warsaw TRYBUNA LUDU in Polish 12 Dec 86 p 4

[Article by Barbara Fijalkowska: "Concerning Ideology, Science, and Philosophy" surtitled "Debates About the Present and the Future"]

[Text] The program of the Polish United Workers' Party proclaims that "Building socialism requires the commitment of an unremitting intellectual effort to analyzing new social trends and phenomena and their background, to determining the motive forces of progress and barriers thereto." And further, "The social sciences and the humanities will fulfill their tasks properly if their analyses of the principles and accomplishments of socialism are accompanied by penetrating, critical, and comprehensive studies of the reality, open discussion, creative inquiry, and the courage to explore."

These statements sound clear and self-evident. Do they sound thus to certain representatives of the Polish social sciences?

Liberation from Ideology

Science formulates the tasks of its inquiry not in the domain of pure contemplation and immaculate intellect but in particular conditions of social life and history, under the influence of particular economic and social conditions, depending on particular systems of class interests. That also is why the social sciences -- even those that seemingly are the most abstract ones -- never are and never can be completely free of ideology, because they always serve someone's interests. In its turn, ideology ceases to be a "class-deformed reflection of the reality" once it accepts -- as does scientific socialism -- as its starting point the conclusions ensuing from a scientific cognition of the world.

In Poland every successive "turning point" or "crisis" is accompanied by the revival of bourgeois illusions about "pure" science as "the only true and objective" science, and every time on these occasions attempts are made to oppose that "pure science" to ideology, of course meaning Marxist ideology alone, because science and scientism are quite unceremoniously used to promote other, nonsocialist, ideologies.

With some thinkers the aversion toward any presence of ideology in science becomes simply absurd. Here is the latest example: An expert on literature from the Institute of Literary Studies at the PAN [Polish Academy of Sciences] and currently a supporter of the program line of the Jesuit Fathers states in their periodical (PRZEGLAD POWSZECHNY, No 6, 1986, p 239) as follows: "The task of the humanist is to discover what is negative about the political and ideological tempters, reveal it and warn against it. And that is why he can always be accused of lacking definite views, because he is a man who unmasks the infernal function of ideology." ("Infernal" means that it has its origin in hell — B. F.)

Thus, in the discussions of theory being waged in Poland for years, the postulate of deideologizing the social sciences, that is, of abandoning what Marxist methodology terms the party-mindedness of science, is a constant refrain. Besides, the very concept of the "party-mindedness" of science is being deliberately vulgarized and explicated as "the usefulness of science to the party." Debating such views, whose bearers sometimes include party intellectuals themselves as well, is immeasurably difficult in a situation in which the ideological self-awareness of many scientists who are seemingly linked with Marxism has become weakened, considering that Marxist thought in the social sciences is to some extent stagnating.

Clearly, these sciences include many aspects that are ideologically neutral and infringe upon no class interests. The elucidation of these aspects does not commit the sciences directly to matters of ideology, and it does not entail choosing a particular view of the world, world outlook, philosophy, or, ultimately, methodology. After all, the social sciences are not ideology alone. But wherever basic concepts of theory are involved, wherever an integral view of the social structure whose fragment is being investigated is needed, there the thesis of the class neutrality of the social sciences, of the need for scientific objectivity, leads in principle to fallacious conclusions.

The difference between objectivity and materialism in science was precisely defined by V. I. Lenin, who summed up his conclusions in the thesis, "Materialism contains in itself, it can be said, party-mindedness, obligating the direct and open viewing of any event from the position of a particular social group."

In Marxist theory, the unity of proletarian class-mindedness and scientism consists in that viewing things from the position of the working class and its interests makes possible an unhampered scientific analysis of the reality, whose findings, in their turn, provide a foundation of theory for the class struggle of the proletariat. The position and interests of the working class not only warrant such analysis but even require it. Hence the persistent struggle of Marx, Engels, and subsequently Lenin, for a scientific nature of their theories and against attempts to infuse them with unscientific views. The founders of Marxism had no doubt that a scientific exploration of the situation and prospects of the proletariat is a sine qua non for the fulfillment by the working class of its historical mission.

Isolating Science

Some also believe that in Marxism a distinction should be made between its scientific and ideological aspects. This is a mistake. A close tie of theory with practice, of scientism with revolution-mindedness, underlies the foundations of Marxism. The true nature of this theory, as opposed to various socialist utopias, consists in that Marxism is based not on dreams of a better and more just future, on some abstract morality, but on a scientific analysis of the social reality. Whatever the importance of moral principles and slogans in the class struggle of the proletariat, it is not they but a scientific and at the same time class-minded knowledge of the social reality that decides the validity of the program for a socialist restructuring of the society.

The ideology of the proletariat presents a picture of the world and its prospects and a program of action for the working class which are defined by the social position, interests, and viewpoint of that class. The intrinsic interrelationship of scientism and revolution-mindedness in the ideology of the proletariat requires an unremitting confrontation of the theses and guidelines of that ideology with the results of scientific research. In this way, the program of specific actions of the worker movement will always be based on the current, strenuously attained, and maximally true picture of the reality, however constantly changing it may be.

Deformations imperil proletarian ideology not only under the capitalist society but also in the socialism-building society. This is eminently demonstrated by longtime experience, including the experience of our own country. The peril arises in particular whenever, owing to various reasons besides, the interpretation of the function of ideology begins to become oversimplified. This oversimplification is most often reflected in the demand that theory support the validity of the decisions taken by the leading force of the socialist state (without a prior thorough assessment of the situation) and reject any critical opinion whether justified or not, in the concomitant absence of criticism and self-criticism of these decisions. A classic example of the consequences of such tendencies in Poland has been the course of the political measures which led to the August events [1980, Solidarity]. It is certainly no accident that, during their recent congresses, the communist parties led by the CPSU have been attaching such great significance to self-criticism within the communist party.

Analyzing the situation of the Soviet social sciences, Mikhail Gorbachev declared, "It is clear that the restructuring and renewal of our life are accompanied by a sharp and not always open yet uncompromising contest of ideas, psychological attitudes, and modes of thought and conduct. What is old does not give way without resisting, finding new ways of adapting itself to the dynamism of life by means of various scholastic intricacies."

We also observe in our country these attempts of what is old to "adapt itself" to the new.

Without Philosophical Materialism

Let us now answer another question to ourselves. Does the thesis of the

Marxist-Leninist classics of the inalienable bond between scientific socialism and Marxist philosophical materialism remain applicable nowadays? Or perhaps, as certain theoreticians would wish, following the victory of the socialist revolution and in the course of translating into reality the ideas of socialism, are the materialist philosophical foundations losing their significance? Questions of this kind become crucial in the light of comments by certain Polish intellectuals who, like Kautsky at an earlier time, are inclined to perceive the essence of Marxism as lying not in a philosophical doctrine but in a purely social doctrine that can, in their opinion, be equally well justified both materialistically and idealistically.

The persistence of certain utopian ideas is really perplexing. Doubtless it is no vital matter to national reconciliation in Poland whether the citizens cooperating with the party are prompted by motives of an idealist nature or by a materialist world outlook. But it is not and cannot be unimportant to the party exercising the leading role in Poland whether the intellectuals and the party aktiv adhere to a position dictated by the materialist world outlook or whether they guide themselves by idealist illusions or premises of a purely moral nature.

For fidelity to Marxist ideology presupposes above all a scientific cognition of the social reality, as based on dialectical thinking, and the initiation of actions dictated by a solid knowledge of that reality. Abandoning this principle is bound to result in various kinds of failure, regardless of the amount of goodwill of persons expressing their support of socialism out of motives other than deeply rational ones.

The dialogue between Marxists and citizens of varying outlook and ideology, essential and justified as it is under any circumstances and not just under the present rather complex circumstances, requires intellectual honesty of the interested parties. The principles of Marxist-Leninist theory may in no case be a subject of bargaining in the socialist state, although it is clear that this is precisely the situation that our opponents want to bring about.

1386
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GOVERNMENT EFFORTS TO COMBAT 'PATHOLOGY' DESCRIBED**Limited Funds, Unreliable Distribution Noted**

Warsaw RZECZPOSPOLITA in Polish 9 Dec 86 p 6

[Article by Zbigniew Lantowicz: "Government Program to Combat Pathology; Who Gets Money and Who Gets Soap"]

[Text] The government program to prevent social pathology coordinates, among other things, those tasks that are done routinely in the area of health and social welfare: preventive treatment, treating addictions, guidance and the like. In addition, it introduces new ideas, for example, the creation of new diagnostic and resocialization centers in communities afflicted with alcoholism and drug abuse. "Unfortunately," says Marek Staniaszek of the MZiOS [Ministry of Health and Social Welfare] Addictions Group, "funds to realize these new ideas are not keeping pace with the obligations imposed on the ministry."

Assuming new obligations in our financial situation is probably not very desirable. It would be more realistic to expand the program and operating hours of the educational-professional clinics (subordinate to the Ministry of Education) such that, in addition to providing individual diagnoses, they could provide space for resocialization and corrective activities. The program concentrates everything on the treatment stage, and thus activity in the sphere of effects. Concerning this area, ministerial drug abuse clinics have been expanding rapidly over the past few years. Their numbers increased to 10. They are supported by 17 consultation centers affiliated with health service clinics and 12 Monar units (financed from the ministry's social budget). To date, 438 anti-alcohol clinics are also in operation. However, the problem of documenting facts concerning intoxication in workplaces still remains unresolved.

This year the number of anti-drug and anti-alcohol projects is increasing greatly, with 2 billion zlotys funded for anti-drug projects and 9 billion zlotys for anti-alcohol projects. "Large sums of money are allocated each year," says M. Staniaszek. What is disturbing, however, is that these sums are not used rationally. Right now money to combat drug abuse usually migrates where it is needed. Often, unfortunately, it is not based on real need. Simply stated, those with the most foresight request funds. But the ministry is

helpless regarding those who value their peace more, and thus do not need money. The use of anti-alcohol funds looks worst of all. One fourth of these funds is used to expand culture, sport and recreation, destined above all for treasuries of clubs training record-holders or to supplement funds of houses of culture, serving to finance narrow and elitist cultural events.

The stipulation in the program to increase the number of psychiatric and anatomicopathologists, in order to shorten legal proceedings by improving examinations, depends on the number of medical academy graduates assuming these specializations. These numbers have been decreasing significantly over the last 3 years. As a result, specialization centers are more numerous. Today only 5 voivodships lack their own psychiatric or habit disaccustoming center (2 years ago it was 11). However, the ministry is prepared to finance to a great extent each new institution in this area. To repair the centers' staff situation, a decision has been made to have them administered more often by pedagogues, sociologists or psychiatrists. The whole idea is to have doctors employed where they are irreplaceable.

Improving the country's sanitary status continues to depend on the degree of indoctrinating the need to become familiar with basic habits in the area of maintaining hygiene in daily life, in public eateries and in food production units. Halina Jozefowicz of the MZiOS Inspection Department acknowledges that increasing the number of PIS [State Sanitary Inspectorate] inspectors is a half-measure. After all, one can hardly expect sanitary-epidemic inspectors to be stationed permanently at every canteen or milk bar. Intraplant functional control and proper supervision in this area by the units' directors have always been and still are very important. In addition, there are special services that should verify more rigorously that norms and product quality are observed.

In a special PIS classification, the number of very dirty voivodships decreased last year from 18 to 11. Lately the integrated control of all Warsaw hospitals improved cleanliness at least at the department level. "It is the same throughout the country," asserts J. Markiewicz of PIS, "thus confirming the truth that cleanliness and the status of social sanitary unit do not simply depend on the age or modernity of a building." Because of this, many Health Care Team directors and health centers were penalized during the last period for neglect. One hospital ward director was even fired, which was publicized extensively.

Every epidemic or incident of mass poisoning is analyzed thoroughly and vigorously, and the results are sent immediately to the voivodship's doctors. Special attention is being devoted by the sanitary services to the scrupulous observation of the obligation to investigate germ carriers in association with the production of food and to execute conscientiously reductase tests at milk collection points.

The shortage of toilet paper, for example, is not insignificant vis-a-vis shaping awareness in the schools of sanitation and basic habits in this area. This problem will be solved only after foreign machines are placed in operation, which will not happen till 1990. The shortage of water in the villages is more troublesome. Because of the ongoing investment paralysis, the

alarming situation caused by the lack of hospital purification plants or laundries equipped with hygienic barriers is still unresolved. Equipping health service facilities with disposables continues to remain in the sphere of dreams.

The growing interest in personal hygiene, better methods of publicizing health education (thanks to the increasing use of TV) and interest in healthy food certainly belong to the brighter side.

Preventive Measures Emphasized in Program

We **RZECZPOSPOLITA** in Polish 29 Dec 86 p 5

[Article: "The Government Program to Combat Pathology; The Ministry of Education and Upbringing: Prevention Above All"]

[Text] 'To consistently implement the upbringing resources at the disposal of the schools and families to influence youth threatened by demoralization' reads one of MOiW's [Ministry of Education and Upbringing] tasks resulting from the government program to prevent and combat social pathology. Leszek Gomolka, director of the Special Education and Prevention Department, coordinates the ministry's activities. What are these tasks?

Simply stated, these tasks can be classified as program, organizational or control tasks that will be the responsibilities of central office employees, school superintendents and teachers.

The minister's directive on specific forms of prevention-resocialization activities are the basis for creating various upbringing facilities, for example, psychotherapeutic community centers. Since 1986, 140 of these centers have been created. What is also important is that they required no financial outlays because existing facilities were utilized—Society of Children's social Friends facilities, houses of culture and community gardens.

The problem of combating social nonconformity in children and youth was introduced as a permanent element of school superintendant inspections. After all, prevention is just as important as school instruction performance. Thus, all teachers are obligated to eliminate bad examples of behaviour, egoism, brutality and vandalism, especially among the youngest children.

Voivodship programs to combat social pathology among youth were also developed. They are based on community conditions, the existing base, permanent positions and material resources.

Currently, about 2,000 school educators are now working in the schools. By 1990, their numbers will increase to 5,000. "We are not denying," said Director Leszek Gomolka, "that these numbers are insufficient. That is why we are urging educational councils, especially those located in large urban agglomerations, to create the position of educational council plenipotentiary for prevention. They would operate in 70 percent of the schools. These teachers will be trained in annual classes to conduct special resocialization activities. The first 300 educators have already completed these classes."

Educating youth about the law is conducted mainly via meetings with lawyers, public prosecutors, judges and Citizen's Militia functionaries. Each year about 3,000 such meetings are organized. This year an optional subject was introduced into the secondary school curriculum: instruction on the law. Among the seven proposed, 12 percent of the schools made the selection.

In addition to preventive measures, the MDiW is helping youth addicted to drugs and alcohol. Starting this year, fixed-period classes are being conducted in existing, unutilized rural schools to help addicted youth to return to a normal life and to catch up in their school work.

A report is being prepared on the pathology threat to children and youth and methods of combating this threat. The report is being prepared by all the school superintendents, and education and upbringing departments. It will be presented to the minister at the end of February. No doubt it will list other problems requiring action by the MDiW and its subordinate units and employees.

11899

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EXTENSIVE PRESS COVERAGE OF OMBUDSMAN ISSUE CONTINUES

Ombudsman Responsible to Sejm Favored

Krakow TYGODNIK PONSZECHNY in Polish No 4, 25 Jan 87 p 7

[Article by Zofia Radzikowski]

[Text] In publishing the bases for concepts of organizational and legal treatments of the ombudsman institution, the daily press also invited readers to discuss these bases. I am taking advantage of this in the columns of TYGODNIK PONSZECHNY to take a position on certain proposals and offer my own suggestions.

First of all it is necessary to answer two basic questions:

—What should the role and duties of the ombudsman be?

—Who should fulfill this function and what position is this person to assume?

It seems appropriate to start from a controversial element—J. Jaskiewicz, secretary general of the PRON national council said at a press conference (DZIENNIK POLSKI No 265) that the ombudsman will be given powers such that he will protect civil rights as well as state interests—these two matters cannot be contrary to each other. One can agree with this statement without reservations only if we accept that observance and execution of civil rights are beneficial not only to citizens alone but lie within normally understood state interests as well. For one must remember that a citizen comes into contact with the state through its agencies and offices and on that plane harmony does not always prevail—otherwise the need to create the office of ombudsman would not exist. The role of such an advocate must therefore be based on the protection of individual or collective civil rights (as was declared in Chapter I of the proposal), not on protection of the interests of an office, since these are under the protection of many other institutions. And speaking more specifically, the ombudsman's job would not replace existing institutions, but to complement them and, to a certain extent, oversee them. This would be based, for example, on:

a) devising procedures on behalf of the citizen (in the event of unwarranted indifference by the appropriate agency),

b) initiating an extraordinary appeals procedure in situations where the citizen has already exhausted ordinary appeal channels and the opinion or decision handed down involves violation of the law or principles of co-existence and justice.

c) review of the conduct of institutions toward the citizen.

Chapter I of the proposal, in detailing the rights that would be vested in the ombudsman in carrying out his duties, excludes three areas from his powers:

- matters related to state secrets,
- matters concerning defense and the armed forces and state security,
- decisions made within the realm of autonomy.

The exclusion mentioned in part 1 may arouse doubts. Of course there is no question of the need to protect state secrets, yet this is a loose and cloudy notion and can be applied freely and "at one's discretion." Consequently one cannot rule out cases where the ombudsman would be denied access to necessary information or material in order to dispose of the matter by appealing precipitously to state secrets, especially since such a decision would not require justification. So in order not to hinder the ombudsman's work and at the same time not to jeopardize state secrets one could, instead of the proposed exclusion, introduce a general provision saying that the ombudsman's access to all information holds subject to abidance by statutory rules on the protection of state and official secrets.

Yet another issue is associated with jurisdiction. The bill provides that the ombudsman may have access to preliminary criminal proceedings case files with the consent of the one conducting the proceedings. This proposal must be seen as inadequate. Considering the faulty regulation in our Code of Criminal Proceedings, which limits the right of a person under interim arrest to counsel during preliminary proceedings (the prosecutor can deny the accused contact with defense counsel before an indictment is handed down and the opportunity to review and copy documents also depends on the prosecutor, the ombudsman should have an unqualified opportunity to have access to the files—at least in the presence of the one conducting the proceedings—if this is necessary to initiate intervention. Finally, under his powers of oversight he should have the right to inspect penal institutions and review all investigatory arrests.

We said before that one of the ombudsman's duties is the initiation of an extraordinary appeals procedure. To this he must be vested with the right to file extraordinary appeals, complaints to the Supreme Administrative Court and findings to the Constitutional Tribunal independently (not merely through the prosecutor. Yet the proposals in variation B give the ombudsman an independent role only before the tribunal.

Considering all these duties, the ombudsman would have to meet extremely high personal qualifications and hold a statutorily guaranteed position in the state. It should be someone who have a great deal of knowledge (preferably

legal and experience, unimpeachable integrity, moral courage and, based on these qualities, unquestionable authority and public confidence. He should also be professionally and organizationally independent. [—] [Law of 31 July 1981 on the control of publications and performances, Art 2, par 6 (DZIENNIK USTAW) No 20 item 99, amended 1983, DZIENNIK USTAW No 44 item 204)]. The position of the ombudsman against the background of governmental agencies will also be especially important. As to the question of whether to choose variation A (the ombudsman at the provincial level) or B (at the provincial and central levels), the answer is neither one! The ombudsman should be an arm of parliament and thus appointed and recalled by the Sejm and responsible to it. The proposal for 49 ombudsmen entangled with in various systems with regional government agencies simply a mistake. It is hard to imagine how an ombudsman appointed and recalled by a Provincial People's Council—which would also determine the number of his deputies and secretarial staff and finance him—could still be independent of that provincial authority. Neither will the matter be resolved by placings "hats" over those 49 provincial ombudsmen in the form of an ombudsman placed under the Council of State. Naturally an ombudsman at the Sejm level should have several deputies (specializing in various fields who could run regional offices in some of the bigger provinces, which would still be branches of the whole, subordinate to the Sejm. The ombudsman himself should enjoy immunity similar to that of Sejm delegates during his term and after its completion should have a guaranteed return to work in his previous position.

The bill clearly neglected to deal with the matter of financing the work of the ombudsman at the central level and dealt with this only at the provincial level. But the ombudsman (and his deputies should receive compensation from the central budget by virtue of a parliamentary resolution. The ombudsman's administrative and legal staff should be financed from the same source, because he should have his own office and the power to hire qualified personnel and not have an office on a sublet basis or staff from any other institution.

The final and perhaps most difficult thing is the matter of electing the ombudsman. The Sejm should elect him. From among whom? The proposals talk about a nomination by the chairman of the Council of State submitted in consultation with the presidium of the PRON National Council's Executive Committee. I think a more democratic electoral procedure should be introduced. The Sejm could choose from a list submitted by associations other than PRON or perhaps by groups of citizens who would obtain a certain previously specified number of signatures for their candidates. This is an especially important issue and using this concept to elect the ombudsman could create a testing ground for changing electoral law in the future.

Youth Forum Discussion Considers Varied Views

Warsaw SZTANDAR MŁODYCH in Polish 9 Dec 86 p 3

[Article by Zbigniew Gajewski]

[Text] The ombudsman should be as fervent and popular as Krystyna Zielinska and as efficient as a good Polonia firm, said one of the participants at the

20th Youth Forum held on 25 November in Warsaw.

Below we present excerpts from the discussion that took place there.

Jerzy Jaskiernia, secretary general of the PRON National Council: The Youth Forum is monthly meetings organized by the PRON National Council, open and publicly announced. Anyone who feels like it can come. We do not create philosophical or any other kind of barriers. Anyone can share his opinion and ask what he wants of the representatives of public life who are participating in the meeting.

The ombudsman—how to form this institution so that it would meet the expectations of the public—that is today's subject. We have invited outstanding representatives of law enforcement agencies, lawyers and specialists to the discussion. Those who accepted invitations are Lech Domeracki, minister of justice; Andrzej Elbanowski, vice-chairman of PRON's National Council; Marian Wojciech Krzeminski, of the "Consensus" dialogue group; Prof Lukaszuk, deputy chairman of the Constitutional Tribunal; Zygmunt Surowicz, secretary of the Council of State; Prof Sylwester Zawadzki, member of the Council of State and Jozef Zyta, Polish prosecutor general.

We are treating today's meeting as one of the first public discussions that will continue until 15 January. On this basis the PRON National Council will work a position and present it to the Council of State. We expect that the council in turn will want to avail itself of its right of legislative initiative. But for now nothing is taken for granted; all issues are open.

Dr Piotr Kowalski, Institute on the State and Law, Polish Academy of Sciences: In all countris where ombudsmen have been operating up to now, this institution is situated within parliament.

This gives them the opportunity to make use of an important means in influence, which is the accountability of ministers to parliamentary committees. Here too the ombudsman should have this chance, since all other means of action fall short. There are cases where the second and final channel of appeal is the minister. This concerns passport issues or association matters, for example. Here the ombudsman at the provincial lev will not be able to do much.

Kazimierz Olejnik, resident of Lodz: It is apparent that the system of review agencies is rather well developed in Poland. A citizen who might feel that his rights have been violated can appeal to several institutions. Despite this there is public demand for something more. If this is to be an ombudsman, then what should his position be in relation to already existing agencies that have similar objectives? The prosecutor general is obliged to oversee observance of the law. The citizen must therefore know where to take care of what. Otherwise there will be much confusion.

Personally I feel that the ombudsman cannot handle everyday complaints stemming from the hardships and hindrances known to everyone. But he should

help eliminate paradoxes of various kinds, including those based on law. That is why he must be placed under the Sejm, where legislative activity is concentrated.

Zbigniew Gorecki, Wloclawek, assistant company director: I have many misgivings about the planned ombudsman institution. Will it not be another oversight agency, of which we already have many in our country? Will a new bureaucratic apparatus not rise up around it?

Andrzej Kaczmarek, prosecutor's office employee from Szczecin: The office in which I work has a duty not only to prosecute crimes but also to oversee observance of the law. But people come to us mainly when someone they know has been arrested. In other matters they are rather resistant. That is why I am not surprised at the public demand for the existence of a completely independent agency, to which one can turn with all matters. But concrete solutions should place both institutions where they can cooperate with each other.

Lech Domeracki, minister of justice: In discussions thus far the titles advocate and guardian of civil rights have been used interchangeably. I am for the second alternative. An advocate is someone who acts on behalf of his principal, but also on his authority. A guardian, on the other hand, has a specific range of authority and, if necessary, can take action on his own.

In my opinion he should operate under the Sejm and the people's councils if necessary. His powers should be as broad as possible. They should be limited only due to state security or to maintain state secrets.

The forms of the guardian's work should be intervention of various kinds. To this end he should have guaranteed access to all documents and locations. He should take part in administrative and judicial proceedings and in sessions of such state bodies as the Sejm, the Council of State and the government. He should also have the right to initiate proceedings, not directly but in consultation with prosecuting agencies.

It also seems to me that the guardian should be given immunity like that of Sejm delegates. In the not unimportant matter of compensation I am in favor of a ministerial level salary.

Krzysztof Barczewski, Philosophy Institute, Military Technical Academy: Up to now the notion that high wages automatically bring high efficiency has not been proved. We have examples where a person working as a volunteer can do more, can fight more earnestly than someone with a job. So I propose that in the beginning ombudsmen should work as volunteers and prove themselves in that role without compensation. Otherwise those who know how to advertise themselves nicely and nothing more will run for these positions.

Jadwiga Dyska, Warsaw: In his public statements delegate Surowiec uses the argument that ombudsmen should be under the people's councils because most the various complaints concern regional matters. I do not agree. Common sense requires anticipating outside intervention in such situations.

Jozef Zyta, Polish prosecutor general: Annually, on a nationwide scale, the prosecuting agencies take on about 300,000 criminal cases, 230,000 preventive actions and 80 cases under the prosecutors' oversight of observance of the law. I am an advocate of the argument that public practice ultimately verifies assumptions of various kinds. So if citizens file so many complaints in spite of our activity, it means that the ombudsman institution is needed.

People do not really want to come to the prosecutor's office with their affairs. Even though we have tried to establish office hours in the workplace and apartment complexes. Perhaps because their neighbors or the municipal authorities can see them. The ombudsman will have broader capabilities.

Despite the voices raised in this discussion, I have no fears about the diminution of our role or position when the ombudsman institution is established.

Bogumil Czerwinski, Torun: I am here with a group of about 30 people who make up the Committee on Municipal Law and order of the People's Council in Torun. I am not speaking for them but I am making use of my colleagues' opinions. Minister Domeracki opted for the name guardian of rights for the institution we are discussing. I feel that it should encompass both guardian and advocate. The point is that he be able to operate both out of his own office and on citizens' proposals as well.

Wanda Wisniewska, Konin: I do not share the optimism evident up to now in this hall. I fear that public interest in the ombudsman institution will hold only at the very beginning. Just as happened in the case of our PRON complaints and intervention committee, office hours for Sejm delegates and municipal officials and other forms of citizen assistance. With his endeavors the ombudsman cannot create more housing or other sought after goods, and people are expecting the most in these matters.

And one more thing. The person who accepts this role in a small province will be a kamikaze. We know how hard it is to disrupt the system that prevails there.

Prof Sylwester Zawadzki, member of the Council of State: I would encourage looking soberly at the ombudsman institution. If we are going to expect too much of it, then neither Krystyna Zielinski's qualities nor an army regiment will save it from inefficiency in just a few months. So I am in favor of limiting the scope of its concerns. For example, I would exclude consumer-type matters, which could number in the millions nationwide. Even though they are important to each of us.

Zygmunt Surowiec, secretary of the Council of State: Nationwide we record half a million citizens complaints annually; 93 percent of them really concern a region. It is only for this reason that we are proposing that ombudsmen operate at the provincial level too. We also anticipate establishment of an ombudsman institution at the central level.

When we talk about the qualities of this person or persons, we are not thinking of their political involvement, but about their moral profile and

character traits such as persistence, courage and aggressiveness. About familiarity with the mechanisms of public life, the operating rules of various institutions. Despite this, we do not require that they be lawyers.

In any case, it must be someone who has the public trust.

In this brief report I was not able to present all the lines of discussion. It lasted a long time but it showed that public demand for an ombudsman institution is growing. So the appetite was stimulated.

Note: The statements presented here were quoted on the basis of a taped record and have not been authenticated.

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